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## WEST EUROPE REPORT

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## RELEASE OF LONG-RANGE PLAN EXCITES DEBATE ON NUCLEAR ROLE

## Power Group Chief: Go Nuclear Now

Copenhagen INFORMATION in Danish 18 Nov 81 p 5

[Text] Jorgen Gotfredsen calls it a "tragedy" that we don't already have nuclear power.

The government has led the nation into nothing less than a tragedy by not having already introduced nuclear power, according to Mayor Jorgen Gotfredsen who is chairman of the Sjaelland Elkraft [Electric Power] association. In a comment on Energy Minister Poul Nielson's question as to whether Elkraft wants nuclear power introduced as quickly as possible after the election of a nonsocialist government--"Yes or no," as the minister put it--Elkraft's chairman said the answer is an unconditional yes.

In Jorgen Gotfredsen's opinion the central issue is not the desire for heat-generating stations or the current decline in electricity consumption or the predictions of electricity consumption over the next 20 years which have been approved by the electric plants--but which Elkraft's chairman has not yet read. The important thing is that nuclear power would bring down the price of electricity in his view.

"It is possible we will have to view electric expansion in the capital area in a new light if we get a nonsocialist government," said Jorgen Gotfredsen. "But it does surprise me that the energy minister is now calling for a politicizing answer while 2 weeks ago he criticized me for doing the same thing. But personally I think it is a tragedy for the nation that we don't already have nuclear power now. If electric plant expansion in the last 6 to 8 years had occurred in the form of nuclear power plants things would have looked a lot different. Look at Sweden where electricity costs less than half what it does in Denmark because of nuclear power and 'white gold,' e. g. waterpower."

And you don't think the declining consumption and the low increase in the forecasts approved by the electric plants themselves should influence your point of view?

"I can't recall having seen the forecast you refer to. But I would like to say that I don't believe in a rate of increase as low as indicated in EP '81 [Energy Plan 1981]."

But the electric plants themselves back that projection according to director E. L. Jacobsen of ELSAM [Organization for Coordination of Electric Power in Jutland and Funen].

"Yes, but the thing about forecasts is that they never prove to be accurate. For example, forecasts are affected at the moment by the situation in our ailing business sector. If industry picks up a little electricity needs will also grow and the increase will be entirely different."

You said nuclear power would make electricity cheaper but the chairman of the Danish Association of Electric Plants, Jacob L. Hansen, has told AKTUEL that electric plants "have price increases waiting in their desk drawers for the day the nuclear power decision is made."

"It is possible that electricity prices would rise for a while but it is certain that our fuel consumption would be much lower and that would reduce the exchange drain when the plants are operating."

But financing construction would require price hikes for electricity?

"Obviously," concluded Jorgen Gotfredsen of Elkraft.

#### Minister Denies Need for Nuclear Energy

Copenhagen INFORMATION in Danish 18 Nov 81 p 4

[Text] EP '81 will show that electricity consumption will rise only 1-2 percent annually for the next 20 years. The electric plants concur with the projection.

Energy Minister Poul Nielson says it will take between 13 and 15 years before there is a need to build nuclear power plants in Denmark. Therefore the Liberals and Conservatives are actually more interested in deciding on nuclear power than the electric plants--and the plants have admitted that indirectly, said Poul Nielson who referred to the forecast the electric plants have approved and which is being published in Energy Plan 1981, probably by the end of the month.

INFORMATION has learned that it will appear from EP '81 that the electric plants and the energy minister both estimate that electricity consumption in the next 20 years will be much lower than in the past. While a few years ago the electric plants were estimating an annual increase of close to 8 percent and the energy minister's prediction was half that amount the common estimate in EP '81 is 1 to 2 percent depending on the direction and development of the national economy.

EP '81 operates with three models for the rate of increase of electricity consumption: the first assumes neutral control, the second strong control and the third assumes slow economic growth. For all three models the rate of increase is forecast for 1985, 1990, 1995 and 2000. The figures are as follows:

The "neutral" model: 2.3, 2.6, 1.9 and 1.7 percent.

The strong-control model: 1.8, 2.4, 1.7 and 1.7 percent.

The "slow economic growth model": 1.9, 2.2, 1.5, and 1.6 percent.

This means that both the electric plants and the Energy Ministry have revised their previous forecasts drastically in a downward direction.

Poul Nielson told INFORMATION that the forecasts tell us that there is no need for special electricity capacity in the form of new plants in the next 10 years--and when the need appears it can be met for the first 3 to 5 years by building decentralized heat-generating power plants. Therefore the minister believes that Henning Dyremose is wide of the mark when he, like ELSAM director E. L. Jacobsen pointed out in INFORMATION Saturday that it takes 10 years to build a nuclear power plant and that the need would be there by then. Former Trade Minister Arne Christiansen, Liberal, would also like to speed up the introduction of nuclear power as much as possible, he told INFORMATION. But he would not set a deadline for a decision on its introduction.

Poul Nielson does not think the Liberals and Conservatives have answered the question of whether they would have started construction of a nuclear power plant now--regardless of consumption developments as indicated partly in the forecasts and partly by current use patterns. He therefore posed this question to Mayor Jorgen Gotfredsen who is chairman of the Sjaelland electricity association, Elkraft, asking him if he wants a nuclear power plant to be started on Sjaelland now--"yes or no," as the minister put it.

The energy minister added that in this case nuclear power would obstruct heat-generating plants which nonsocialist politicians have strongly supported recently--"for they aren't thinking of locating nuclear power plants in the cities, are they?" asked Poul Nielson.

Director E. L. Jacobsen, ELSAM, confirmed for INFORMATION that the electric plants approved the forecasts in EP '81 but the director would not discuss them publicly because they have not yet been published by the ministry. E. L. Jacobsen also admitted that "it is correct on the basis of the assumptions used by the minister" that it would take that many years before there is any real need for new power plant capacity.

However it is not just a question of consumption and present capacity, it is very much a question--which the electric plants have not dealt with yet--of which plants should be taken out of operation and which are gradually becoming uneconomical to run, added the director who feels that "neither I nor Poul Nielson can say anything at all definite about consumption 20 years from now."



Incidentally the ELSAM director stressed that he does not--as INFORMATION reported Saturday--think that electric plants have solved the nuclear waste problem with the submission of the salt dome reports to the authorities.

"That problem will not be solved until we have convinced those we have to convince," said E. L. Jacobsen. "But of course we feel that we have done a good job. Others must assess whether it will solve the problems."

#### Possible Nuclear Heating for Copenhagen

Copenhagen BERLINGSKE TIDENDE in Danish 22 Nov 81 p 3

[Article by Peter Kjelstrup]

[Text] Nuclear-powered district heating plants in the capital area. That is one of the proposals made in the Energy Plan which Prime Minister Anker Jorgensen has now decided to publish despite the election. EP '81 says that in addition to producing electricity with the help of nuclear power "it is conceivable that so-called nuclear heat-generating plants could be introduced solely for the purpose of providing district heating."

Of these facilities the Energy Plan says that they would work with a temperature of only 120 degrees "which would greatly simplify safety measures compared with those needed for a nuclear power plant."

The plan revealed that no such plants are in operation anywhere in the world but that a trial plant is now being built in France. A prerequisite for the efficient utilization of such a plant is a large heating market in the vicinity, which is why the capital region would be particularly relevant.

#### Major Emphasis on Natural Gas Role

Copenhagen BERLINGSKE TIDENDE in Danish 24 Nov 81 p 11

[Article by Peter Kjelstrup]

[Text] A major expansion of the natural gas network to include northern and central Jutland also, some expansion of alternative energy sources and perhaps nuclear power at the end of this century.

Those are three of the most striking things in the action program for energy which the Social Democrats presented yesterday in connection with the publication of Energy Plan 1981.

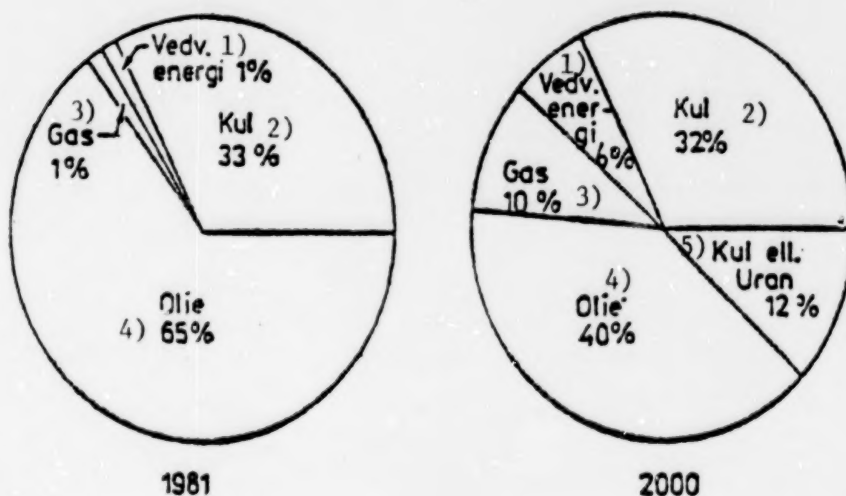
According to the plan neither the sale of natural gas to other countries nor an expansion of the natural gas network decided on could compete with the Jutland

solution, which would have to be approved by parliament. In four different examples the energy plan examines various possible uses for the gas provided by reduced heat consumption in society. And of these solutions the government has chosen to stress expansion in Jutland with the sale of small quantities of gas to other countries if there is some left over.

The Liberal Party, which has backed the natural gas network in the past, has so far linked an expansion of facilities in Jutland to the question of introducing nuclear power. Of this Energy Minister Poul Nielson said that while the energy plan clearly shows great economic savings with a nuclear power solution there is currently enough electricity capacity to last until the end of this decade, according to the electricity consumption forecasts agreed on by the electric plants and the Energy Ministry.

"After that the length of time before nuclear power becomes relevant will depend on the extent to which decentralized heat-generating plants will provide new electric capacity," said Poul Nielson who would however no longer postpone the date until after the year 2000.

One condition is still that studies on safety and the storage of nuclear waste lead to positive results. According to the Environmental Affairs Ministry these studies will be completed in 1982.



This is the government's idea of how the energy sector will develop.

Key:

- |                     |                    |
|---------------------|--------------------|
| 1. Renewable energy | 4. Oil             |
| 2. Coal             | 5. Coal or uranium |
| 3. Gas              |                    |



The government continues to give renewable energy a high priority. But the action program is quite restrained compared with earlier published studies. Thus it is anticipated that renewable energy, aside from the burning of trash, will cover around 4.5 percent of the country's energy needs in the year 2000. That would require for example 60,000 solar heating plants, 150,000 heat pumps, 120,000 straw furnaces, 5000 biogas facilities and 6000 small windmills. Thus it is straw- and electric-powered heat pumps that will carry the most weight in the government's renewable energy program while apparently sun and wind power have been downgraded in priority. A doubling of these facilities would give at most 1 percent more energy, according to the energy plan.

#### Big Increase in Investments Urged

Copenhagen BERLINGSKE TIDENDE in Danish 24 Nov 81 p 11

[Article by Peter Kjelstrup]

[Text] The Social Democratic energy policy for the next 20 years would give a strong boost to the reduction of unemployment. That is the opinion of the government which estimates in the more political section of Energy Plan 1981 that the number of those employed in the energy supply changeover would total 1.2 million so-called "man years" up to the year 2000, divided up into 70,000 employed in the first 10 years and around 50,000 in the last 10 years of that period.

It is the enormous energy investments that would provide this effect. Thus they are operating with investments of up to 10 billion kroner a year in the energy sector, quite aside from the oil industry. But around the turn of the century the investment rate will be cut in half.

The investments are divided up evenly for these energy forms, electric-district heating, gas, renewable energy which would thus use around 30 billion by the year 2000, plant investments and insulation. Investments in nuclear power would not change the picture much.

All in all the government feels this investment program will have a beneficial influence on the balance of payments, the environment, reliability of supply and employment, even more so than if the investments were made in other areas of society.

The big 1100-page energy plan was made public at a Social Democratic press conference yesterday following pressure from the nonsocialist parties.

### Criticism of Plan from Parties

Copenhagen BERLINGSKE TIDENDE in Danish 24 Nov 81 p 11

[Text] A lot of criticism about the government's Energy Plan 1981 has come from both the right and left sides of parliament. The plan was presented at a press conference yesterday by Prime Minister Anker Jorgensen, Energy Minister Poul Nielson, Environmental Affairs Minister Erik Holst and Tax Minister Mogens Lykkeskov. The plan was made public following sharp criticism from Conservatives and Liberals about the prime minister's original intention to delay its presentation until after the election.

"The energy plan is an expression of the continuation of the policy of control and coercion in the energy sector which the government has pursued so far. Citizens will be forced to use forms of energy they did not choose for themselves and eliminating free price formation will make things more expensive for consumers," said Conservative energy policy spokesman Annelise Gottfredsen. She also noted that the energy plan did not deal with the most essential item in the government energy policy, namely the natural gas project. The Conservatives have long wanted an impartial study of this project made before taking a stand on its continuation. Finally she said that in a few years a final stand would have to be taken on introducing nuclear power in Denmark, always assuming that there was a political opportunity to do so.

Former Liberal Internal Affairs Minister Knud Enggaard said of the plan that the government was anticipating a decision on nuclear power in the fall of 1982, a timetable it should be held to.

Socialist Left energy policy spokesman Mikael Waldorff had other objections to the energy plan: "The worst sections in the plan are the ones on nuclear power. The calculations give a totally unrealistic price for electricity from nuclear power plants. That is because plant expenditures are grossly underestimated."

### Energy Conservation Increased Success

Copenhagen BERLINGSKE TIDENDE in Danish 8 Dec 81 p 6

[Text] More and more Danes are making an effort to conserve on expensive energy, it appears from the just published study by the Energy Conservation Committee concerning people's attitudes toward energy conservation measures.

Despite a decline in real wages, twice as many people took steps to conserve energy in 1981 as in 1980 and while last year 7 percent said when asked about saving energy that "it doesn't pay," no one holds that view today according to Scan Test's survey.

But considerably more is saved in owner-occupied residences than in tenant-occupied residences. While around 75 percent of all owner-occupied dwellings now

have extra insulation that is true of only a third of tenant-occupied units. It is also in owner-occupied dwellings that the room temperature is kept at 20 degrees or below generally and these units are also more likely to have completely unheated rooms shut off. But among young people under 30 the same positive attitude can be found regardless of housing type.

In particular people are installing thermopanes or storm windows, insulating attics, putting in weatherstripping and insulating walls.

All in all 13 percent of the population in 1981 made use of money offered for insulation and other energy conservation efforts. Last year the figure was 11 percent and in 1979 it was only 8 percent.

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CSO: 3106/27

## OIL CONSORTIUM TO DOUBLE EXPLORATION ACTIVITY IN 1982

Copenhagen BERLINGSKE TIDENDE in Danish 19 Dec 81 p 6

[Article by Peter Kjelstrup]

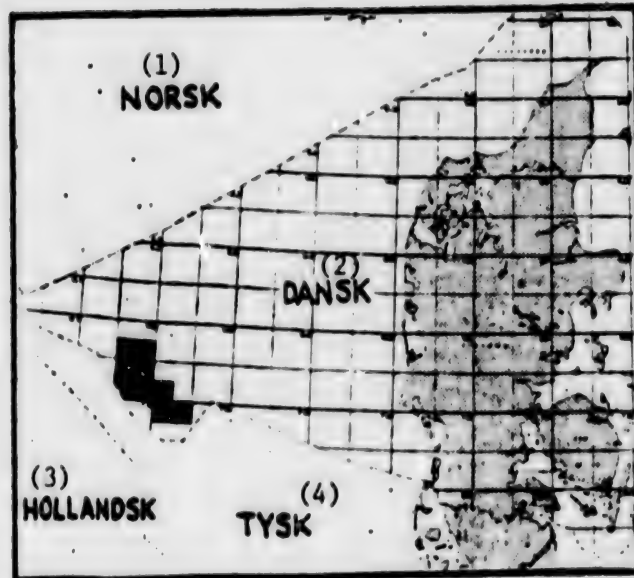
[Text] With the return of half of the Danish underground area, A. P. Moller and the Danish Underground Consortium, DUC, got going on the new era that was introduced on 19 May of this year according to an agreement between A. P. Moller and the Energy Ministry. An agreement that involves the company turning over another 25 percent in 1984 unless finds are made prior to that time that justify exploitation, in which case DUC will retain the area.

The last 25 percent will be turned over in 1986.

Along with handing over the areas at 1100 hours yesterday in the Energy Ministry DUC delivered a work program, which must also be approved by the ministry, involving more than double the amount of drilling activity in the North Sea. So far the drilling rig Maersk Explorer and at certain times the Norwegian rig Dyvi Beta have been the only ones investigating whether there is more oil and gas in the Danish part of the North Sea than has already been discovered. In the next year a total of five drilling rigs will be investigating the Danish part of the North Sea. In addition to the two rigs mentioned above they will be the Lauritzen rig Dan Earl, another rig from the Norwegian Dyvi company and a new A. P. Moller rig--Maersk Endeavour, which will be delivered from the Dutch shipyard early next year. The most important task will be to drill in the Thyra field which is to produce in 1983 the gas the state has purchased from DUC.

The concession holder will retain a contiguous area of 1900 square kilometers in the southwestern corner of the North Sea. This includes among others the Dan, Gorm and Roar oil fields and the big Thyra gas field is also located here. This area will not be turned over until the year 2012.

The Energy Ministry's only comment on the delivery of the blocks and the work program was that it was in line with the March agreement and that the ministry would not commit itself.



DUC has turned over half of each square to the state except for the shaded area. All the big oil and gas finds now in production or scheduled for production are located there. These finds will not be turned over before 2012.

Key:

- |              |           |
|--------------|-----------|
| 1. Norwegian | 3. Dutch  |
| 2. Danish    | 4. German |

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CSO: 3106/42

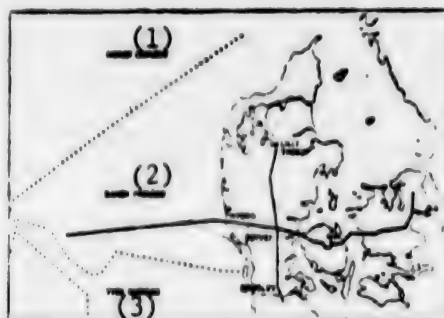
## NORTH SEA NATURAL GAS PROJECT ON SCHEDULE

Copenhagen BERLINGSKE TIDENDE in Danish 31 Dec 81 Pt III p 1

[Article by Peter Kjelstrup]

[Text] With new million-kroner contracts a few days before the old year runs out natural gas has now reached Sjaelland, at least in the contract area. While the pipeline from the border and up to Egtved is largely completed, the next stretch over the Belts to Kongsmark north of Korsor has come through the planning phase and the firms that will carry out the work have been given their contracts.

The Little Belt crossing is to be carried out by Kampsax in cooperation with the English firm, Land & Marine Engineering. The contract sum is 50 million kroner and the method used will be a system in which the welded pipes are drawn across the belt and laid in a previously dug trench.



The entire main transmission Network. The stretch from Froslev to Egtved is now completed.

Key:

- 1. Norwegian area
- 2. Danish area

- 3. German area



The land stretch across Funen to Kongsmark will be carried out by the Danish-Swedish-German consortium, Scan-Pipe, and the contract sum here is 70 million kroner. These two contracts were finally signed on 22 December.

The really big contract in the entire almost 6 billion kroner gas project is the laying of the ocean pipeline, including the stretch across the Great Belt. A contract for 1 billion kroner in which the Italian firm Seipem and Monberg and Thorsen will cooperate in carrying out the work. The pipes that when put together will form the pipeline from the North Sea fields to the west coast have almost all been delivered and the surface treatment is two-thirds completed.

These pipelines will help to substantially diminish Danish participation in the entire natural gas project. This is mainly due to the fact that there are very few ships in the world that can handle this kind of job but in DONG [Danish Oil and Natural Gas] they still feel it possible to keep Danish participation in the total project above the 35 percent that was proposed at the start.

Information staff member Bent Schalimtzek told BERLINGSKE TIDENDE that of course there can be problems defining what Danish participation means. But if one ignores the laying of the sea pipelines there is a Danish participation today of around 60 percent in kroner and orer but all the way up to 90 percent when it comes to workers.

These figures will decline when the sea lines are added in. But today there is no doubt that the promised forecasts of at least 35 percent can be realized, since the remainder of the network--the land pipeline across Sjaelland and the stretch up to the planned storage facility at Lille Thorup near Viborg--will have a high degree of Danish participation.

With the contracted crossing of the Great Belt the political possibilities of halting the natural gas project are getting small. Not only would it involve big compensation demands but the DONG part of signing contracts has gone more than halfway. The total figure now is 3.1 billion kroner.

The last part of the actual network, the Sjaelland stretch, is expected to be the subject of contract negotiations next year, leaving only the pipeline up to the main storage facilities at Lille Thorup. Here they have completed the drilling in the salt deposits and found that everything is as it should be. In the summer the work on building the big cavities will begin with the construction of the sluice pipes that will pump the salt out into Limfjorden. This will begin in 1984. The first of a total of seven storage pits will be ready 2 years later.

In all the storage pits will hold enough gas for a month's consumption and they will not only be used to insure supplies, they will also function as seasonal-adjustment factors.

Bent Schalimtzek said the big Danish participation in the project is due to a deliberate effort. Consultant assistance for Danish firms, Danish as the "gas language" in the sense that even foreign firms had to have Danish-speaking contact

people and supervision to insure that for example Danish participation in a consortium was actual--these are some of the things DONG has done to raise the Danish share and thus helped make sure that there was a substantial transfer of expertise to Danish firms.

For the regional pipelines and the small distribution lines the Danish share is 75 and 95 percent respectively.

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CSO: 3106/42

## ECONOMIC PERFORMANCE FOR 1981: DECLINE IN ALMOST ALL AREAS

Copenhagen BERLINGSKE TIDENDE in Danish 31 Dec 81 pt III p 1

[Article by Frank Dahlgaard]

[Text] In 1981 real wages, consumption and investments continued to decline while interest, the state deficit and foreign debt rose. Unemployment rose catastrophically but there were positive elements in the 1981 economic picture.

The year of 1981 will go down in history as one of the worst years for the Danish economy.

Unemployment shot up rapidly throughout 1981 and the increase started from an unpleasantly high jobless level, as shown in the illustration. From 1980 to 1981 65,000 more people joined the jobless ranks, resulting in 1981 unemployment reaching 248,000 (figured on a full-time basis).

The sharp growth in unemployment developed in spite of a continued rise in the number of public employees. From 1980 to 1981 26,000 net new full-time state and municipal jobs were established. If we add to that the increase in the number of those receiving early-retirement pay, almost 10,000, along with the increase in the number of pension recipients the total result is that in 1981 the public had to take care of over 100,000 more people than was the case in 1980.

## State Bankruptcy

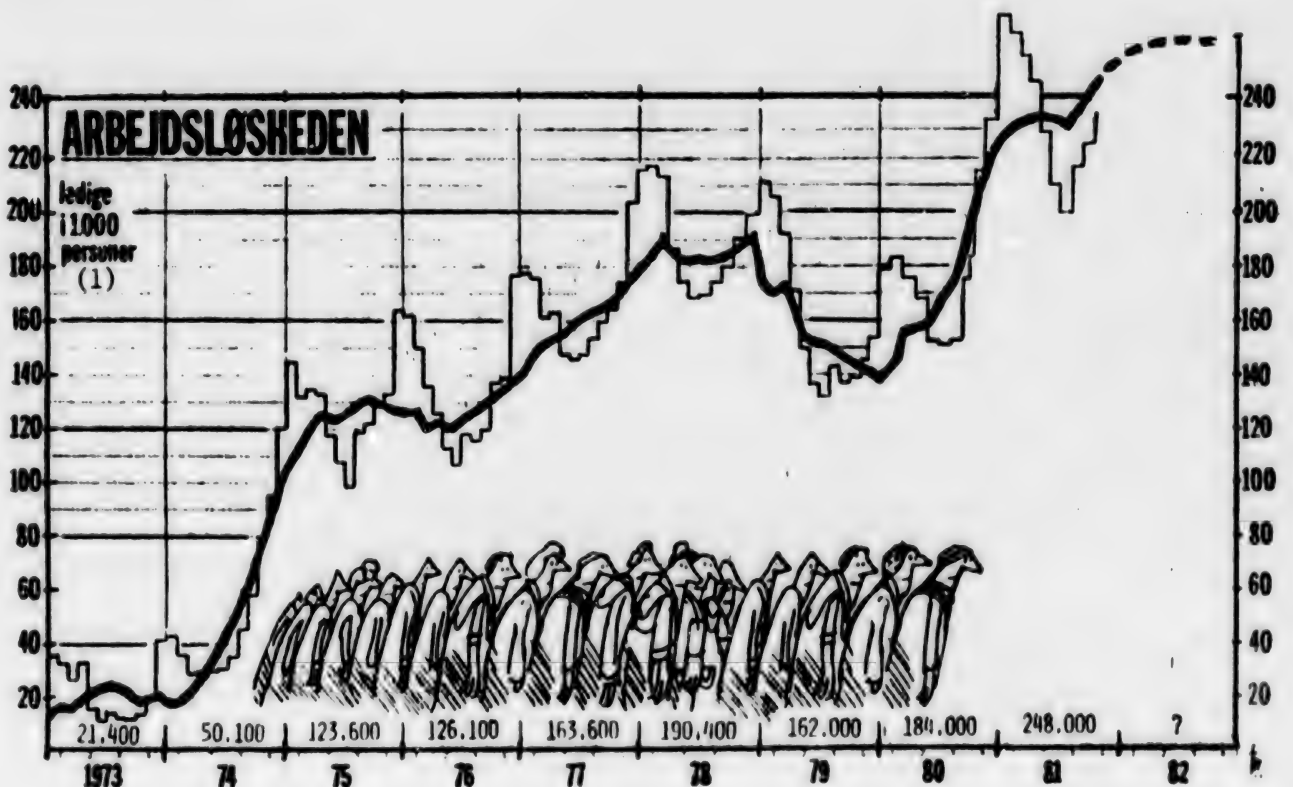
At the same time the number of employed wage earners in private business fell by 57,000 and the number of self-employed business people declined by around 6000.

The result: fewer active workers in the private sector must maintain more public employees and pension recipients, early-retirement beneficiaries and unemployed people. This will inevitably lead to higher tax burdens or larger deficits in the state budget.

Actually the tax burden in 1981 declined a little bit (according to Danish Statistics), but the deficit in state finances rose rapidly. It was against this background that people began talking of the possibility of a future state bankruptcy.

In 1981 total production fell by 1 percent and the decline in real wages, consumption and investments continued. Abroad interest rates rose to historic levels and that also led to historic interest records here at home. In mid-September state bonds were noted for the first time at an effective interest of over 22 percent.

The interest increase made the already serious crisis even worse and this affected construction and agriculture in particular. The result was that in the past year we experienced forced auctions and ensuing human tragedies to an extent unknown since the 1930's.



Unemployment

This is how unemployment has developed over the last 9 years. The thin step-like curve shows the actual rate of unemployment month by month while the heavy curve shows the jobless development corrected for normal seasonal fluctuations. As it shows unemployment rose sharply after both the first oil crisis in 1973 and the second one in 1979-80. The 1979 decline was produced artificially by the early-retirement pay system introduced in January 1979. Source: Danish Statistics

Key:

1. Number of unemployed by thousands

Denmark's foreign debt which was 94 billion kroner, net, at the beginning of the year, has now reached around 110 billion at the beginning of 1982, corresponding to the value of a third of Denmark's total annual production.

#### Decline for Third Year in a Row

While wage earners in the private and public sectors had income gains of 10-11 percent from 1980 to 1981 the average gain for self-employed business people was zero. In the annual report just issued Danish Statistics said that earnings before taxes declined in industry for the third year in a row.

But in spite of everything 1981 also had some positive economic features although these encouraging factors were probably somewhat exaggerated in the public debate.

The deficit in the balance of payments declined from 13.5 billion kroner in 1980 to 11-12 billion in 1981. A substantial share of this improvement was due to a marked downturn in product imports as a result of the decline in real wages, consumption, inventory and investments. In addition there were energy savings which led to a lower import of oil.

However there is nothing surprising about imports and energy consumption declining when economic activity goes down. Thus a substantial part of the improvement in the balance of payments simply reflects the deep depression we have landed in. As soon as the wheels start turning again, imports will rise once more along with the exchange deficit.

#### Export or Die!

Another explanation for the decline in the exchange deficit is the good growth in exports we were able to achieve. That is much more positive than the decline in imports.

Behind the advance in exports lies a clear improvement in competitiveness with other countries both in 1980 and in 1981: Danish wage increases corrected for shifts in the exchange rate have been clearly lower than wage hikes abroad. In both 1980 and 1981 Denmark also recaptured some of the markets we lost in the years before that.

But the question is whether a substantial part of the export gain is due as much to the depression in this country as it is to improved competitiveness. In other words, a lot of Danish firms--especially in the construction branch--have been actually forced to export their products if they wanted to survive. The especially deep Danish crisis has made it impossible to sell enough on the domestic market and that has placed many Danish firms with their backs to the wall--export or die!

#### Wages Central

If that is the main explanation for the fine growth in exports (and not, as has been blindly assumed in the past, improved competitiveness) things look bleak for

the Danish economy. In that case a new upturn in the Danish economy will again create sales opportunities on the domestic market which could have a negative effect on exports and the balance of payments as well.

The moderation in wage developments was one of the positive elements in the 1981 economic picture. It was not until close to the end of the year that wage inflation picked up, partly as a result of two new cost-of-living increments in September.

Without intervention, wages will grow more in 1982, resulting in more people out of work and more bankruptcies.

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## WAGE INFLATION APPEARS TO BE MAJOR THREAT FOR 1982

Copenhagen BERLINGSKE TIDENDE in Danish 23 Dec 81 Pt III p 2

[Article by Frank Dahlgaard]

[Text] The new Christmas report from OECD in Paris predicts a sharp upturn in Danish wage inflation due to the cost-of-living adjustment. At the same time most other western lands will experience a declining wage inflation, according to the Christmas report.

In contrast to developments in most other western lands Denmark will experience an increase in wage inflation next year.

This appears from a new semiannual report from the Organization for Economic Co-operation and Development, OECD, in Paris.

The OECD Christmas report writes directly of Denmark that the rate of wage increase will grow from 10 percent this year to 12 percent in 1982 as a result of automatic cost-of-living adjustments. The OECD economists, like the Danish government's advisers, expect the price index to release four more cost-of-living increments next year. The Danish wage increase rate compared to wage increases in other countries is in the spotlight at Christiansborg just now in connection with discussions on economic policy in 1982. Denmark's position in this area is decisive for development of our international competitiveness and the economists have said until they are blue in the face that improved competitiveness is the only thing that can save Denmark from the "abyss."

## Wage Inflation

In the table [not included] BERLINGSKE TIDENDE has reprinted the figures in the OECD report on the anticipated wage increases from 1981 to 1982 in the western countries. In our table the countries have been listed in the order of their importance in Denmark's total foreign trade. Thus West Germany is our biggest trade partner, followed by England, Sweden, the United States, etc.

As the table shows there is a prospect that our six biggest trade partners will all have a lower wage increase rate than our own 12 percent in 1982.

A simple average of the rate of wage increase for 1981-82 in the 18 countries listed is 10.86 percent which is lower than the Danish wage increases of 12 percent. But this difference in wage inflation underestimates the deterioration of competitiveness Denmark faces (unless of course we intervene actively). The countries that have a high rate of wage increase, such as Greece, Ireland, Spain, Italy and France, don't have nearly the same weight in our foreign trade as the low-inflation lands do, as the table shows.

#### Important Figure

An average of the OECD figures for 1982 wage increases in the 18 countries weighted according to the importance of the countries to Danish foreign trade gives an average wage increase abroad of only 8.67 percent.

It is this figure that must be compared to our 12 percent in wage increases when one wants to have an accurate picture of the prospects for Danish competitiveness. Add to that the risk of a decline in the exchange rate of the dollar and the pound which would further weaken Danish competitiveness with other countries.

#### Exchange Deficit

The OECD economists in Paris expect a rise in Denmark's balance of payments deficit in 1982 while for most other countries a small exchange deficit or even a surplus is predicted. Aside from Denmark only New Zealand and Canada among the deficit countries can anticipate a bigger exchange deficit in 1982 than in 1981.

OECD estimates the Danish exchange deficit in 1982 at 3.8 percent of national product, corresponding to 17-18 billion kroner. That is clearly more than our own "economic experts'" estimate for 1982 of a 13.5 billion kroner deficit.

Countries that will have a relatively bigger exchange deficit in 1982 than Denmark are: Ireland, Portugal, Belgium, Australia, Greece and Austria. All the other lands have a prospect of lower exchange deficits than ours and even crisis-ridden Sweden and Norway will continue to have surpluses while Finland and Iceland are also expected to have balance of payments surpluses next year.

#### High Danish Growth

OECD expects that unemployment will stabilize in Denmark in 1982 at around 9 percent of the labor force, corresponding to almost 250,000 people out of work.

In comparison to most other countries we have a high jobless rate. Iceland has practically no unemployment and in Sweden and Norway the jobless make up barely 2 percent of the labor force. In Finland unemployment is around 5 percent.

According to the OECD report figures only Spain, England, Belgium, Italy and the United States seem to have a higher or equally high unemployment rate compared to us.

Luckily there are also more encouraging figures in the OECD report:

Aside from Turkey and Japan Denmark is expected to have the strongest economic growth in the West in 1982. OECD puts Danish growth at 3 1/4 percent but the OECD economists write that one of these percentage points alone is due to the growing North Sea oil production and the expansion of the natural gas network.

The Danish growth position is also less impressive when we take into account that in both 1980 and 1981 we had direct production declines. Aside from England only Denmark has experienced a negative economic growth in the last 2 years.

#### Public Growth

The Danish Social Democratic government has stressed several times that it has succeeded in reducing growth in public consumption and that is true. But it appears from the new OECD report that with a growth in public consumption of 4 percent from 1980 to 1981 we are still close to the top along with Norway, Portugal and Greece. All other western lands had lower increase percentages in public consumption in 1981.

In 1982 growth in Denmark's public consumption is expected to be only 2.5 percent. This brings us down to 8th place among the 24 OECD countries. In other words we are still among the countries showing a strong growth in the public sector in an international context but we no longer occupy the dubious leading position.

In 1982 OECD expects a direct decline in public consumption in Australia, Ireland, England and the United States. These countries are now having real cuts in public budgets in other words--in contrast to Denmark.

#### Low Profits

OECD expects that private consumption in 1982 will rise by 2.5 percent in Denmark. Only four other countries in the West can expect a higher growth in consumption. This nice Danish advance in private consumption comes on top of 2 years of marked declines. In 1980 private consumption fell 4.1 percent and in 1981 it fell another 1.5 percent.

Business investments will remain at the current very low level in Denmark thanks to a continued high interest level and low profit rates, according to OECD.

6578

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## PARLIAMENT PASSES BUDGET AFTER BITTER DEBATE ON DEFENSE

## Army Materiel Funds Issue

Helsinki HELSINGIN SANOMAT in Finnish 11 Dec 81 p 14

[Article: "Parliament Continued Budget Talks: Communists and Conservatives Bickered Over Funds for Army"]

[Text] The debate on defense expenditures between the Conservative Party and the Communists was one of the central themes of the budget talks, which continued on Thursday in the parliament.

The discussion was initiated by Parliamentary Defense Committee Chairman Tapani Morttinen (Conservative), who presented an extensive explanation of his party's security policy views and considered that foreign policy needs the readiness of the defense forces for its support.

Morttinen announced that the Conservative Party will demand an increase of approximately 300 million markkas in the budget's defense expenditures so that they would correspond with the proposals of the Third Parliamentary Defense Committee.

The Communists, for their part, opposed the increase in funds for armaments in several speeches and considered that these funds should be directed toward housing or families with children, for example.

During the night between Thursday and Friday the parliament concluded the so-called return discussion, the basis of which was the budget report of the Finance Committee. This Friday the parliament will begin a detailed discussion of the budget.

Morttinen explained that the Conservative Party sees Finland's security policy as a complete entity, which cannot be divided into parts, for example in such a way that the SKDL [Finnish Peoples Democratic League] would take the promotion of peace from the Paasikivi-Kekkonen line, the SDP the activism in foreign policy, the Center Party foreign policy, and the Conservative Party the defense policy.

In Morttinen's opinion the goal of Finland's disarmament policy will be to promote its own security, but this does not at all mean that Finland should now try to reduce one of Europe's lowest armament levels even more.

A more than 300-million reduction with respect to the proposals of the committee will water down the credibility of our defense capability, stated Morttinen.

#### SKDL Wanted an Expression of Peace

The SKDL faction's joint budget stand was presented by Heli Astala (Communist), among others, who believes that the People's Democrats cannot allow the army the authority to order nearly 1,200 million markkas's worth of new weapons.

In Astala's opinion Finland should show examples of a real desire to reduce armaments. Voting against the budget in this point is our practical solution for peace, stated Heli Astala.

Reductions in the proposal of the Parliamentary Defense Committee were also criticized by Urho Pohto of the Rural Party, who believes the defense forces should be provided with the necessary readiness so that we will be able to preempt the temptation to use Finnish territory for military purposes.

#### "Relations With The East Disparaged"

Also several speeches were devoted to foreign policy on Thursday already even though the main discussion on the Foreign Ministry was not to be held until Friday.

Taisteite MP Sten Soderstrom stated that the Communists are concerned that "attempts to disparage Finland's present foreign policy position, Finland's relations with the Soviet Union, and Finland's active peaceful foreign policy are increasing in the country". Soderstrom saw too much national selfishness among Finnish capitalists even in trade with the Soviet Union.

Kalevi Mattila (Center Party), who defected to Johannes Virolainen's camp in good time before the congress in Kuopio, gave assurances that even in the future the YYA [Friendship, Cooperation, and Mutual Aid] Agreement will be carried out to the letter without changing a line as Chairman Johannes Virolainen has emphasized many times.

Those who aspire to change the basis of Finland's foreign policy are not for a policy of peaceful neutrality according to Mattila.

#### Unemployment Is a Concern

Many MP's talked about unemployment on Thursday. Helena Pesola (Conservative) demanded that the government be freed from rigid and inflexible solutions. In her opinion the government should accomplish bold reforms for improving the operational conditions of enterprises.

Olli Helminen (Social Democrat), for his part, complained that the state itself is a poor example and is reducing the number of personnel in the public sector. He referred to the economic savings program of the railroads, among other things.



## Unamended Budget Passes

Helsinki UUSI SUOMI in Finnish 16 Dec 81

[Article: "Budget Passed Without Changes"]

[Text] On Thursday the parliament completed next year's budget. Not one proposal for changing the budget was adopted.

However, the parliament changed the government's proposal in certain points. The parliament wanted more money than the government had proposed for accomplishing the early retirement system for veterans.

The budget's final sum is nearly 65 billion markkas, which means that the budget's final sum is larger than the government's proposal by a little more than 2 million.

The debate on the budget in the parliament went rather quickly. This was thought to be the result of the electoral elections in January. Because of the elections in January, the other government factions did not raise a fuss when the Communist overstepped their bounds.

The presidential question had already affected the treatment of the budget in the initial stage when the government was putting its proposal together.

The Center Party made the most apparent attempt to get the government involved in a budget conflict. This, however, failed when President Urho Kekkonen announced that he will continue his leave of absence. After this announcement the budget proposal was prepared in a matter of hours.

### Deficit Larger Than Expected

The deficit in the budget will be somewhat larger than what was expected by Finance Minister Ahti Pekkala.

"All the incoming revenue will depend on the development of the economy," pointed out Pekkala.

"We cannot avoid an economic recession in Finland since we are so dependent on foreign trade."

Pekkala predicts that this recession will last approximately 10 months.

"If we do not see any signs of improvement by next fall, the situation will become even more difficult," he stated.

## Paper Comments on Defense Budget

Helsinki UUSI SUOMI in Finnish 17 Dec 81

[Editorial: "On the Eve of a Split"]

[Text] The speeches and the vote in the parliament on defense expenditures brought



no results. The government's proposal remained intact, not even small but necessary increases were made to defense expenditures nor were they reduced by an appeal to peace.

Defense expenditures are, of course, not a taboo that should not be discussed nor did there seem to be any lack of discussion. However, what was strange in the round of discussions was the attempt to divide the MP's and parties into those who are for peace and into those who are more or less opposed to peace, that is, those who were for increasing defense expenditures.

It is not at all a question of whether all the MP's and parties are for peace or not. Also the discussion did not bring up any other positions. But an attempt to label those who express concern for defense as warmongers does not demonstrate a true concern for peace.

In the final count the discussion concerned only a few tens of millions of markkas, which the Communists wanted to delete from the budget proposal. Perceptibly larger expenditure increases in the case of certain other categories have been approved with much less discussion even though the reforms requiring increases in expenditures rested on rather flimsy explanations.

The discussion on national defense was, indeed, a rather safe issue by which the Communists attempted to conciliate their internal conflicts. The party's majority joined the minority in voting for an amendment to the proposal so that the People's Democratic parliamentary faction could maintain its facade of unity for at least one day longer.

An interesting trait in the Communists' conflict is the ability to use almost daily liturgical formulas for covering up deep differences and after that proceed as if there are no problems at all. Using defense expenditures the Communists tore asunder the ruling front in order to maintain a unity, which does not exist, but in which they must believe. The boundary between the real and the unreal has become completely obscured.

Since the government no longer has a chief or a unified will for anything other than to kill time until the end of January, the desperate rambling of one ruling party between the government and the opposition does not startle anyone. The fate of the Communists' parliamentary faction was a matter to be decided by the party itself until the very end. The decision whether the parliamentary faction should split late on Wednesday evening or a little later remained in the hands of the Communists themselves. The party will split by itself without being aware of any change in Finnish society.

10576

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## BRIEFS

UNEMPLOYMENT INCREASES--One out of 18 unemployed: 10,000 more Finns became unemployed within a period of 1 month. The number of unemployed increased by 23,000 in the period between November of last year and November of this year. According to the statistics of the Ministry of Labor from October to November the number of unemployed increased by almost 10,000. At the end of November 10,000 were laid off and 15,000 were working shortened work weeks. Unemployment increased most rapidly in Vaasa, Helsinki, and Jyvaskyla. The highest level of unemployment, 11.5 percent, was in the labor districts of Kajaani and Rovaniemi. Quantitatively the largest number of unemployed was in the labor districts of Tampere, Kouvola, and Helsinki. At the end of November there were 8,400 jobs available in the employment offices or more than 500 less than a year ago. The number of available jobs decreased by 1,100 since October. Among the unemployed seeking jobs 40,000 or 35 percent were under 25 years of age if one does not include those who were laid off. There were 9,400 unemployed over 54 years of age. The long-term unemployed or those who have been unemployed for at least 1 year numbered 12,000. [Text] [Helsinki UUSI SUOMI in Finnish 18 Dec 81 p 28] 10576

## INDUSTRIAL POLICY EXPLAINED BY DREYFUS

Paris L'EXPANSION in French 6-19 Nov 81 pp 40-43

[Interview with French Minister of Industry Pierre Dreyfus by Herve Jannic: "Interview with Pierre Dreyfus: My Industrial Policy"]

[Text] Ever since the adoption of the nationalization law, the government has had the means to impose its industrial policy. But what industrial policy? It was of course Pierre Dreyfus, the minister of industry and former head of the Renault Corporation, who had to be asked this question.

[Question] Having been the head of a business enterprise for 20 years, do you truly believe that the nationalization of certain industrial and banking groups will enable France to have a more effective policy?

[Answer] We have a tradition, quite unique in Europe, of successful nationalization, both in the banking and the industrial spheres. These successes are due especially to three reasons: a progressive course of action, the existence of a manpower pool, and expert management. One must remember in this regard that a company such as EDF was at the base of the economic reconstruction of the country. The new national business enterprises will have to impart some momentum into their sectors and into the life of the regions. They will also be more effective socially, which is a fundamental aspect of the government's industrial policy, which is oriented towards employment, responsibility, and respect for technical growth.

[Question] Don't you think, nevertheless, that properly utilized, the means which the government presently has at its disposal are sufficient for the attaining of such objectives?

[Answer] Under the former state of affairs, the state could certainly have carried out a better planned industrial policy more systematically. But in any case, it experienced limitations: important decisions were made in the inner circles of certain large financial and industrial bodies, nebulous decisions not subject to the general interest. When certain men can, by their private decisions, affect the whole life of entire regions, the future of several sectors, the evolution of our foreign payments...it means that the state has given up its responsibilities. Remember the time when the state used to turn over its budgetary policy to "tax farmers..." Well, this was put to an end. Similarly, we are putting an end today to the farming out of the industrial policy of France.

[Question] The country has a Plan. The Ministry of Industry is defining a strategy. The business enterprises are setting objectives for themselves. How can these three courses of action be reconciled?

[Answer] There is indeed a Plan, of an essentially macro-economic nature. As for the business leaders, they can influence this Plan from the point of view of their own particular constraints. As for myself, I am the government's industrial expert. All these elements seem very coherent to me if one places them in a medium-term perspective. At this precise time, the socialists believe in the medium and long term.

[Question] Let us take the example of Renault, about which we hear so much and which you know so well. Doesn't the Corporation owe its success, in part, to the fact that it applied the strategy which it considered to be the best, even though it was going against the wishes of the government?

[Answer] As you know, the Renault Corporation owes its success to the fact that it has always had independent management. I have never ceased to affirm this, and it is exactly this independence which we will give to future nationalized groups. It is absolutely necessary.

It goes without saying that, having done this, the Corporation, in defining its strategies, always kept in mind the larger objectives set by the Plan. For example, I will remind you that right after the Liberation, it was that Corporation which, by gambling on a small popular car with the 4 HP motor, put France back on its wheels, so to speak. Later, in the fifties, and immediately upon my assumption of the management of Renault, we deliberately committed ourselves to developing our exporting efforts on a mass scale. I could also speak of what we did in regard to decentralization. It is perhaps in connection with this that you are alluding to disagreement between the strategy of Renault and the wishes of the government. Allow me to note that the disagreement to which you are alluding (the establishment of a plant at Sandouville and not at Nantes) in no way expresses an opposition of a strategic character, but more simply a difference of opinion on choice of location, a difference which we have finally resolved to the satisfaction of both parties: for the "automotive" needs of the Corporation and in light of its concern for good management, we built the factory at Sandouville, and in response to regional economic and employment needs--a matter of interest to all--, we established a Brittany two subsidiary units of Renault: the Western Industrial Products Company at Nantes, and the Brittany Mechanical Foundry Company at Lorient.

No, no, we have proved in practice that, as long as one wants to, it is always possible to harmonize industrial strategy and concern for the general interest.

[Question] The Chief of State declared in his press conference: "It is necessary to nationalize in order not to internationalize." What is one to understand by this?

[Answer] I will not allow myself to interpret the statements of the President of the Republic for him. No doubt he was referring to the necessity of avoiding the establishment of stateless multi-nationals aiming at freeing themselves of the control of all government and preoccupied solely with the maximization of short-term profits.

This does not mean that newly nationalized industries will cease to experience international development--on the contrary. But this development will be in conformity with the overall orientation of the Plan, and responsive to the needs of the people in the countries where they are and where they will be established.

[Question] What are the most important files on your desk right now?

[Answer] The nationalization of the five large industrial groups and the preparation of their future. The reorganization of the iron and steel industry which is taking place through nationalization of Usinor and Sacilor, and planning the program which will restore their competitiveness. The renewal of the large sectors that ran into trouble as a result of the preceding policy of neglect; I am thinking mainly about the machine-tool and textile industries (in particular Boussac). The recovery of the internal market in the traditional French sectors (leather, wood, textiles...), and in the areas where French industrial history is more recent: biochemical industries and pharmaceuticals, medical equipment, engineering, business machines, and electronic components.

[Question] More generally, does your industrial policy consist in strengthening French competitiveness, in giving preferential treatment to industries that create employment, or in helping enterprises in trouble?

[Answer] My industrial policy consists above all in assuring for our country an industry that is competitive and that creates employment. For this, it is necessary to encourage creative efforts, public and private initiative, well-prepared investments; it is also necessary to recover our domestic markets.

For our country, this will mean, first of all, consolidating its technical strong points in order to maintain itself in the forefront of world competition; this means, among other things, cars, railway stock, aeronautics, and space. But it also means electronic stock, pharmaceuticals and bio-chemicals, the agricultural and food-processing industries, and energy-producing industries. The business enterprises in these sectors are in the best position to win in the international competition to use new technologies, in particular robots and automation. It is also necessary to prepare for the retraining of men freed by technical advances from the most unrewarding, dangerous or repetitive tasks, and to place this effort at competitiveness within the framework of a new management of work time.

But it would be a serious mistake for France to want to disengage itself from so-called traditional sectors which are part of our industrial inheritance: textiles, clothing, leather, shoes, and the utilization of wood (paper, furniture...). It would be serious in terms of employment. We are experiencing today, in a dramatic fashion, the consequences of the erroneous logic of neglect in the name of a top exclusive support for so-called peak sectors...

There is no condemned technological sector where it would not be possible to obtain gains in productivity. On condition that the modernization of a traditional industry take into account what is done upstream--in relation to materials and machines--and downstream--in the matter of distribution. For we do not argue in terms of sectors, but in terms of enterprises and channels.



In addition, I believe that the solution to the world technological challenge does not necessarily consist in the systematic merging of French enterprises among themselves or with foreign firms; becoming larger does not necessarily mean that one becomes more efficient. Enterprises are living beings, and thus are readily independent. A pragmatic association at the regional level between enterprises of different kinds which allows them to pool their technological asserts or to share their logistic means of export, can turn out to be more profitable than the forced merger of competing industries.

Finally, concerning enterprises that are in trouble, one must guard oneself from the temptation to save them at all costs, for this artificial rescue biases the market and destroys employment in other units. But there is not always a direct correlation between insolvency and a structurally condemned enterprise. In addition, certain groups occupy a central position in every sector, and their ruin would be fatal to the totality of the enterprises with which they have business relations. Survival in the first instance, and restructuring in the second--placing the enterprise once again within its context of technical or commercial solidarity--can be the most economical way for the national collectivity.

Finally, about the legacy of enterprises in trouble, of which certain have had their head kept artificially above water, we shall try as quickly as possible to make for each one the industrial diagnosis which would allow us to properly target the means of rectification.

[Question] Do you see activities in which France is badly situated but which must be rescued, even strengthened, in the name of the national interest?

[Answer] Yes, of course. The national interest is the first of the guides for government action in industrial matters. As regards the concerns of industries which are old and which face strong competition, we will adopt a voluntarist attitude, which will be the opposite of resignation and submission to the automation of the international division of labor. By its long-term programs of action the state can reinforce the financial structures of the most dynamic enterprises in the declining sectors. We believe in enterprise. It is on the basis of enterprise, if it is performing, that we will rebuild the temporarily weak sectors. Look at the German or American recovery in the textile industry: there are no sectors condemned to decline when one backs efficient enterprises...

But the national interest also demands that we not leave the choices for the future only to the indicators of private management. We shall back business firms which get involved from now on in risky paths of innovation, in order not to have to rescue them tomorrow. Be assured that, in the realm of bio-chemical technology, we will not allow a replay of the sad scenario which the manufacturers of electronics have been playing for us the past 20 years. No question, for example, of putting French labels on Japanese materials.

[Question] Let's take a precise case: in France, computer plans have followed each other without always resembling each other. How are you going to intervene?



[Answer] Computer technology is a fascinating challenge for our country. We have the means to bring it back up. Have we not come from a long cultural tradition oriented towards logic? We have given ourselves assets by creating business enterprises based on components, services, materials and peripherals. We have had successes on the world level, for example, in the realm of service companies--gray matter--but we also have a large computer company, CII-HB, which constitutes a remarkable asset in the formidable battle which is beginning. Computers are a sector where the strong growth of activities requires new and numerous initiatives in all realms. The state will support them, and in addition, will see to it that the essential stages in the process (components, formation, distribution) are carried out. The company CII-HB will be an aggressive competitor at the world level, and our present negotiations with the Americans are taking place in a constructive and voluntarist spirit, even though the agreement which links CII-HB to Honeywell in particularly leonine.

[Question] Are you going to let businesses invest abroad when the prospects for profitability are better than in France?

[Answer] French investments abroad must be analyzed in terms of the contributions which they make to the French economy. Nevertheless, it would be a serious error not to bear in mind the short-term advantages of such operations. It is clear that an investment abroad which results in rapid development of exports has immediate positive consequences. It is no less true that other criteria can be retained.

Depending on the case, an investment abroad can allow:

--access to new technologies which it would be incomparably more expensive to try to reconstitute ex nihilo in France;

--the improvement of the security of our supply of raw materials (investments in oil or mining);

--the achievement of savings on a large scale thanks to the expansion of the production process (example: the export of components integrated into local manufacture), or the amortization of research costs onto a larger number of production centers (example: investments in cement);

--to attack a competitor on his own market to prevent him from benefiting there from a profit situation which he would use to invade the French market.

More generally, we must be aware of the fact that France is behind its principal competitors in the matter of investments in the industrialized countries. The important deficit in balance of trade which exists between France and these countries is not unrelated to this state of affairs.

[Question] Is this to say, for example, that a group like PUK will be able to continue to play the American game?

[Answer] Why not?

[Question] Conversely, do you have a philosophy on the matter of foreign investments in France?

[Answer] Foreign investments in France are welcome and are carried out freely within the framework of French law and respect for our international commitments.

Nevertheless, when we are asked to make a pronouncement on the advantage of an operation of this sort--for example, when it is susceptible to benefit from public aid--we look to see whether this investment creates employment, what its impact on the French balance of trade is, whether it gives rise to a transfer of technology and the training of French personnel. Finally, we prefer that a French industrialist participate in the branch of the foreign company.

[Question] Andre Girault profoundly affected the Ministry of Industry. What are the most positive and most negative aspects of the industrial policy of your predecessor which you have retained?

[Answer] It is always difficult to pass judgment on one's predecessor, whose action, in addition, took place within the context of a completely different economic policy. But it seems to me that Mr Girault concerned himself mainly with energy, and less with traditional industries. It seems to me, on the other hand, that the attempt of the Codis [Committee for the Development of Strategic Industries] to examine and coordinate all the public interventions in business was an important innovation.

[Question] You stated in the National Assembly: "The heads of business enterprises must be compelled to restore what they have guzzled..."

[Answer] I will stop you at once. I was aiming only at the Villot brothers.

[Question] This sentence nevertheless seems surprising coming from the mouth of a man such as you.

[Answer] I am naturally reserved. At Renault, it was enough for me to use the word "unfortunate" in speaking to a director for him to leave my office upset. But in certain cases one cannot avoid exploding. I repeat that the sentence to which you are alluding referred to the Villot brothers, men who after having bought an enterprise for 600 million francs, pulled out 800 million in profits and then abandoned it. This sentence was like an apoplectic fit, but it was also a cry from the heart.

9886

CSO: 3100/124

## AEROSPATIALE DIVISION CHIEF INTERVIEWED ON SALES TARGETS

Paris AVIATION MAGAZINE INTERNATIONAL in French 15-31 Dec 81 p 19

[Interview with director of AEROSPATIALE Aircraft Division Andre Etesse by AVIATION MAGAZINE INTERNATIONAL; date and place not given]

[Text] [Question] After much shilly-shallying (this was particularly true as regards an important issue, financing), the ATR-42 program was officially launched on 7 November. But the fact remains that the decision to launch it was made at a time when the economic situation is particularly disturbing in the air transport industry. Now what was it that induced AEROSPATIALE [National Industrial Aerospace Company] and AERITALIA [expansion unknown] as well as the French and Italian governments to make such a decision?

[Answer] Contrary to what one might think, there is a market for that aircraft. We even believe that this program will enable us to realize normal profits.

We are, in fact, in an economic recession and we can attest to the fact that there are fewer takers for big commercial aircraft. We also note that the airlines are in the midst of a more or less latent crisis. But the fact is that the commuter market in the United States, and more generally the third-level market, is not at all subject to the same laws. Thus, for example, the increase in annual volume of commuter market traffic (which comes to 30 percent) will establish itself at 12 percent for the next few years, whereas for the big carriers this growth will amount to a few percentage points, and this during the good years.

[question] Are the market predictions you described over a year and a half ago still the same?

[Answer] Yes, because we counted on growth rates that were lower than those existing a few years ago and which correspond to the current situation.

And we expect to sell from at least 750 to 800 machines on this market estimated at 2,700 aircraft.

[question] From the point of view of production schedules, what impact will the ATR-42 program have on AEROSPATIALE Aircraft Division activity?

[Answer] First of all, I would remind you that, as regards the agreement on the sharing of responsibilities we have concluded with AERITALIA, we will manufacture the wings with their nacelles and take care of the general assembly at Toulouse. I would say that, if we intend to call on our subsidiaries, which are also suffering hard times, and our subcontractors, there will still, of course, be work for our factories. Thus most of the work on the wings (or, let's say, the most important part of the work) will be completed in our factories in the west.

To be sure, the operations associated with the development of the new aircraft will not represent a big percentage of our overall activities. The important thing is that we share responsibility for the development of this aircraft with our Italian friends. This will also give the Aircraft Division a new dimension that it had perhaps somewhat lost.

[Question] You said that this aircraft will enable you to realize normal profits, to pick up your own expression. How do you explain the fact that manufacturers like Boeing, McDonnell-Douglas and Lockheed have not attacked such a market?

[Answer] A machine like the ATR-42 falls between big aircraft, like our well-known commercial planes, and the little ones manufactured by Piper, Cessna and other firms. One of the characteristics of these aircraft is the fact that they require a relatively large outlay of capital because they are hard to manufacture. They are "touchy" aircraft. The difficulty lies in adapting studies (often very advanced in terms of aerodynamics, installation of the cockpit, various pieces of equipment and systems) conducted within the framework of major programs to machines relatively modest in size and to do all this on a very tight budget. Therefore, aside from the technology and techniques acquired in developing bigger aircraft, there is a whole "design-to-cost" method that has to be rigorously applied.

This is at least an explanation of the fact that the big American manufacturers — who are perhaps too busy to do so — have not wanted to engage in investments that are, after all, rather large.

[Question] Exactly. At the present time there is a lot of talk of innovations at different levels (new materials, CAO, CFAO [expansions unknown]...). What impact will these new technologies and techniques have on the development of the ATR-42?

[Answer] The impact will be very big. The CAO and CFAO, which have been, say, 85-percent installed in our research offices and workshops, will be fully applied during the development of the ATR-42 in order to obtain extremely trimmed production costs.

For the other technologies the CAG (Generalized Automatic Control), for example, will be applied to manufacture of the antiturbulence device.

As far as the technologies associated with the new materials are concerned, they will only be applied if, for example, we obtain profits on production volumes without raising prices. And only on this condition.

[Question] Now as for the Airbus, contrary to what had been planned, monthly Airbus production rates could be reduced from 8 to 6 units by 1983. What repercussions will this have on Aircraft Division activity?

[Answer] It is wrong to say that rates will be reduced from a given number of machines to a lesser number. We still plan to raise production to a rate of 8 or 7. There are simply a certain number of developments that have affected the situation. Developments that do not radically change anything in terms of the overall plan.

[Question] What are these developments?

[Answer] They have to do with delays encountered with several aircraft. I underline the word "delay." As for repercussions on our production activities, we never enjoy having to withdraw several aircraft, but I expect — and with the reservation that the economic situation does not worsen — that we will be able to absorb these difficulties.

[Question] As for the outlook for the A-320 program, at the present time the discussions engaged in by the potential partners are to a great extent revolving about the sharing of responsibilities. What do you hope for at this level?

[Answer] The discussions are not primarily revolving about the problem of sharing responsibilities. The chief problem still has to do with having customers and having an engine. After that, of course, the question of [sharing] responsibilities arises. We have, nevertheless, made progress on this point inasmuch as each of the potential partners has accepted a temporary distribution [of responsibilities] that will enable them to avoid delays in terms of the program and to progress in the final determination of the aircraft. A temporary distribution like the one that was established for the A-300 and A-310 aircraft.

The fact still remains that we must not deviate from our chief objective: to manufacture this aircraft in the best way possible, that is, at the lowest cost. And regardless of each one's wish to diversify his studies, we must accept the evidence of the fact that we can still best lower costs by again profiting from what each has done in terms of previous production.

A basic element.

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CSO: 3100/201



## MINISTER: GOVERNMENT'S GROWTH FORECAST REDUCED

Oslo AFTENPOSTEN in Norwegian 5 Jan 82 p 3

[Report of speech by Rolf Presthus]

[Text] As a medium estimate the previous government's long-term program for 1982-1985 assumed as a basis that the gross national product would increase by 2.6 percent a year throughout the period. Now we must expect that this year there will be no increase, but a decline of 1 percent. There is little reason to believe that the growth will be correspondingly greater during the rest of the period. For every 0.7 percent lower growth per annum the result in 1985 may mean 10,000 fewer jobs in industry. In his speech at the Defense College yesterday, Minister of Finance Rolf Presthus found reason to point out the seriousness of Norway's economic situation.

The minister of finance pointed out that even if these figures from the previous government's long-term program are somewhat uncertain, they still indicate how important it is to have economic growth.

"If we now assume that the economic growth from now to 1985 can at best be half of what we were accustomed to in the 1960's and 1970's, we can see a little of the problems we are confronting. Defense spending will increase by 5 percent in real terms every year. The number of old-age pensioners will increase by 34,000 from 1981 to 1985. The number of old-age pensioners with supplementary pensions will increase by 81,000 kroner in the same period. These two factors alone, taken together, will increase the pension expenditures by 3 percent each year. Thus in these two big fields we know that we shall have spending increases much greater than the economic growth for the next few years. In a number of other fields, therefore, there is every indication today that there must be a decline if we are not to speed up the price increases. It may be some time before there is room for any increase in people's purchasing power.

"If we are to succeed in maintaining employment and getting the country's economy moving again, it is necessary for all of us together not to use more than we have at our disposal in the immediate future. That places a great responsibility on every one of us!"



Presthus said that all in all there are no essential changes in the economic outlook in relation to what was used as a basis by the previous government in the national budget last fall. "It is true that international economic recovery seems likely to come later and be weaker than the previous government assumed. But that is counteracted by the changes that have been made in economic policy and that may contribute to lower wage and price increases this year."

The minister of finance mentioned that the biggest changes in the economic prospects have to do with the revenues from the oil sector. "Against the background of the OPEC resolution in October and the proposals for new contract prices on Norwegian oil, the Ministry of Oil and Energy estimates the average price for Norwegian crude oil in 1982 at \$37.50 a barrel. That is half a dollar lower than the estimates in the national budget. For that reason the state's revenues from the oil exploitation this year have been revised downward by 1.3 billion kroner."

Precisely with regard to the oil sector Presthus emphasized a number of basic conditions: "It is clear that the oil sector has contributed to keeping economic activity in Norway high. In a few years this sector has grown and now accounts for 15 percent of the total value creation. I believe, however, that in these oil times it has been easy for us to overestimate oil's significance and underestimate the significance of the economy of continental Norway. In spite of everything, continental Norway accounts for 85 percent of the value creation. That means that a 1-percent growth in the economy of continental Norway means more than a 5-percent growth in the oil sector."

"We must therefore take care that we do not use the oil revenues in such a way that the whole advantage of the oil exploitation is eaten up by a correspondingly poorer development for continental Norway. We may well say that this was the case to a certain degree in the 1970's. The oil revenues did not come in addition to the normal economic growth, but instead of it."

Presthus also appraised the trend in unemployment. He pointed out that unemployment at the end of November 1981 amounted to 1.7 percent of the work force. "If we correct for normal seasonal variations, unemployment has dropped by more than 4,300 persons in the course of the 4 months up to and including November. In the more market-sensitive occupations, such as industrial, construction, and engineering workers, the increase in unemployment seems to have stopped. If anything, there has been a certain tightening up here, too. It is too early to say, however, whether this is the beginning of a tightening up in that part of the job market right now or whether the real change in the market will not come until later."

"There is reason to point out that the job market is tight in central areas and that there is a shortage of skilled workers in most places. On the other hand, the unemployment in other parts of the country is somewhat greater than has been usual hitherto."

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CSO: 3103/43

## CENTRAL BANK SEES THREE-PERCENT DROP IN COMPETITIVENESS

Oslo AFTENPOSTEN in Norwegian 30 Dec 81 p 9

[Article by Bjørn H. Tretvoll]

[Text] The decline in the competitiveness of Norwegian industry may be up to 3 percent in 1982, it appears from the Bank of Norway's latest market survey. If we want to ensure an unchanged competitiveness with foreign countries next year, the increase in hourly wages must not be more than 7.5 or 8 percent, says the bank, which notes that the prospects of price rises may make it difficult to manage such a low wage increase.

The trend points in the direction of a modest market upswing in the first half of 1982, but demand both from abroad and in Norway seems to be becoming a little weaker than previously assumed. Adjusted for normal seasonal variations the reported unemployment has gone down the last 6 months. But there is danger of a certain drop in the job market next year, the Bank of Norway warns.

At the same time it is pointed out in the survey that conditions on the job market have changed considerably in the course of the last decade. This development raises the question of whether the meaning of the unemployment concept is not different now. Partly because it will take time to achieve increased job mobility and ability to adjust, there is a good deal to indicate that for the next few years the authorities will have to accept somewhat higher total unemployment before general expansive measures are taken to combat it, according to the Bank of Norway.

The Bank of Norway considers the increases in the state budget that resulted from the Storting debate risky, even though they were small in comparison to the total amount of the budget. They show how difficult it is to put into practice a tightening up that everybody agrees in principle is necessary.

#### Lower Inflation Possible

Similarly, the trend does not involve especially great price rise impulses due to finance and credit policy in 1982. If the wage increases are adjusted to the economic situation and industry shows moderation in its price-setting, it should be possible to come down to a price increase that is in line with what they have in the countries that are our most important export markets by the end of 1982 or in the beginning of 1983. It is somewhat optimistically stated in the market

survey. The warning is added, however, that this may prove difficult to carry out in practice.

The analyses done by the so-called Aukrust committee show that the excesses experienced in comparison to the original price predictions are connected with better earnings trends and managed price increases. Especially within protected sectors a marked improvement seems to have taken place in operating profits, a thing that the bank does not find so surprising against the background of long-term regulation of prices and profits.

For the current year little or no decline in Norway's competitiveness is expected in relation to the countries with which we compete. For 1982 there may be a drop of between 1 and 3 percent.

This appraisal is based on the assumption that the wage costs per unit produced among our most important trading partners will increase by 5.5 percent in 1982, an assumed effective devaluation of the Norwegian krone by about 1 percent, and an average increase in man-hour productivity of 2 to 2.5 percent in 1982.

The Bank of Norway is counting on a balance of payments surplus of 12 billion kroner in 1981. For next year [1982], too, in spite of the lowered oil production estimate, the outlook is for a surplus, but it will be lower than this year's. For the next few years after 1982 it seems likely that there will be a deficit in Norway's trading abroad.

#### Weak International Markets

The international markets have grown weaker now than in the third quarter. This is due especially to the fact that the expected upturn toward the end of the year in the United States did not take place. But in several West European countries, too, production prospects are somewhat less favorable than previously assumed. The prospects of a lower real price on oil and a more reduced interest level than had been assumed hitherto may tell in favor of a somewhat greater production increase and slightly lower price rise in 1982.

The situation on the Norwegian credit market has been characterized lately by very tight liquidity and high interest rates. The 16 November increase in the banks' required primary reserve led to a rise in the money market interest rates, since many banks tried to get hold of extra funds to avoid taking out so-called B-loans at the Bank of Norway. Such loans mean that the banks' lending is subjected to strict regulation. After the tax and fee payments of 30 November-1 December the interest rates on deposits from one day to the next went all the way up to 40-50 percent. The interest on 1-month deposits rose to over 20 percent, it appears from the Bank of Norway's survey.

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CSO: 3108/43

## NON-OIL SECTOR ENTERS 1982 WITH POOR GROWTH OUTLOOK

Oslo AFTENPOSTEN in Norwegian 30 Dec 81 p 10

[Article by Egil Bakke]

[Text] At the beginning of 1982 Norwegian industry does not present a pleasant picture. One thing is that employment has gradually gone down. There is not really so much fault to be found with that. Over the longer range it must be taken into account that industry's relative importance is going down in relation to both production and employment. What is worse is that production has stagnated or gone down. Norwegian industrial production is markedly lower today than early in the 1970's. For 1981 it will presumably be found that we have had a decline in production of about 1.5 percent, and for 1982 we can at best hope for a very slight growth in production.

The cause of the drop in production does not lie in market trends. It is that Norwegian prices have gone up too much, so that the commodities Norwegian industrial concerns produce are losing in competition with products made in other countries. This shows up on our export markets, and it shows up almost earlier on our own home market.

But perhaps the worst is that the profitability of the industrial concerns is very weak on the average. This is due to the fact that the firms presumably tried as long as possible to prevent the increase in costs and the weakening of ability to compete from showing up in lost shares of the market, but instead "for the first time around" took up the slack in the profit margin. But this "first time around" has lasted for many years.

The low profitability can be illustrated in various ways. From the Norwegian Industry Association's latest semiannual economic report I take the table below, which shows how the gross revenues (value created) have varied and what they are composed of. The table shows that the amount that the firms have left over and that can be used as self-financing of various investments, measured in current kroner, was actually smaller in the second half of the 1970's than in the first, and that the self-financing capacity is expected to be very weak both in 1981 and in 1982. This development also shows up in the investment plans announced by the industrial concerns. Investments in industry are expected to go down by 15 percent, measured in fixed prices, from 1981 to 1982.

# Gross Revenues in Industry in Billions of Kroner

	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982
Total gross revenues, <sup>1</sup> which are divided into:	22	26	30	32	34	35	39	43	45	49
Wage costs	17	20	23	26	29	30	31	34	37	40
Operating surplus	5	7	7	6	5	5	8	9	8	9
The operating surplus is in turn divided approximately into:										
Interest on borrowed capital <sup>2</sup>	1	1½	1½	2½	2½	3	3	4	4½	5
Return on company capital <sup>2</sup>	½	½	½	½	½	½	1	1	1	1
Corporate taxes to the state and the municipalities <sup>2</sup>		1	1	1	1	1	1	1	1	1
Retained in the firms <sup>2</sup>	3	4	4	2	1	½	3	3	1½	2
Operating surplus in % of total gross revenues	24.0	26.2	23.1	19.5	15.2	13.3	20.1	21.1	18	18

Source: <sup>1</sup>National Accounting Office.

<sup>2</sup>Accounting statistics and estimates from Norwegian Industry Association.

How problematic is it really, now, that industry's position is weak and its ability to grow is poor for the the time being? Can we not live on the oil profits, like other oil-producing countries?

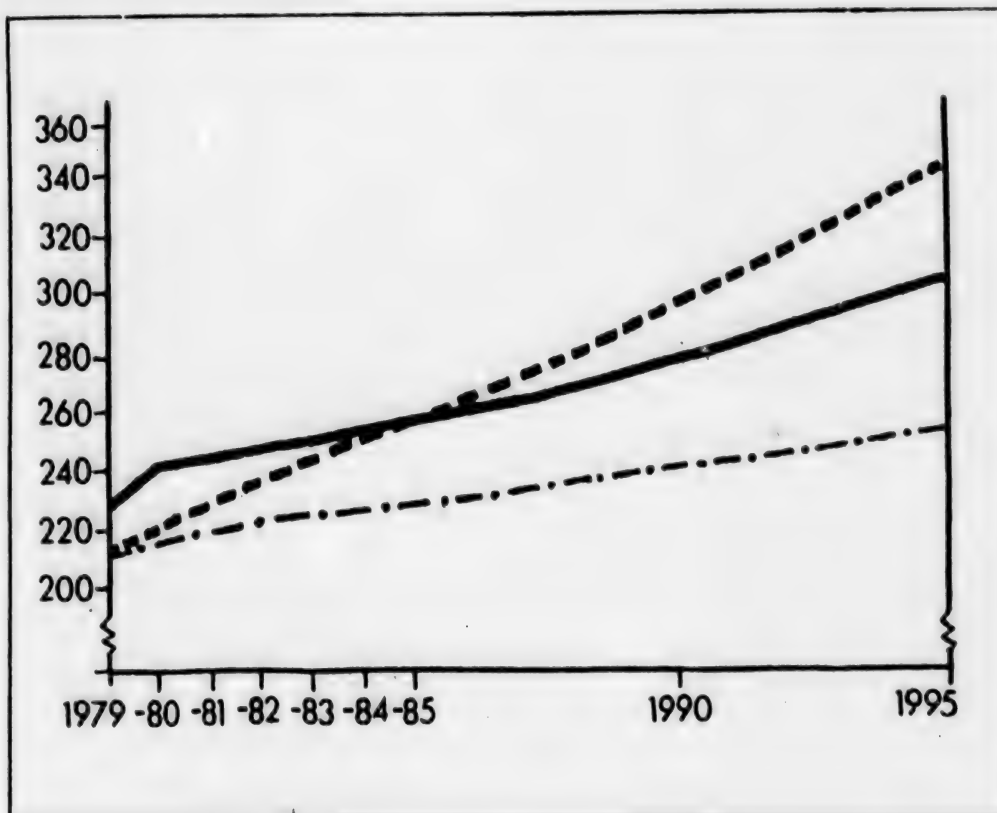
One thing is sure. If we want to use the oil revenues to increase our own consumption, we must readjust our economy. Especially if we want to use the oil revenues (tax revenues from the oil exploitation) to increase collective consumption, we must gradually shift manpower away from commodity production to services. That is because the oil revenues can be used to buy goods abroad that we have hitherto produced, while services must to an overwhelming extent be produced here in Norway.

Whether we shall adopt that course is, when all is said and done, a political question. It is a question of what we want to do. When the Norwegian government presented its first oil report to the Storting in 1974, it warned against inflating domestic demand with the aid of the oil revenues, because that would increase the tempo of readjustment in the Norwegian economy, a thing that was not desired per se. The idea was that we should raise our standard of living on the basis of our traditional growth, but that the oil revenues should be saved and invested abroad to a significant extent.

Since then many have pointed out the special risk connected with adapting our standard of living to the oil revenues. Production, price, and cost fluctuations are very uncertain. It would take very little for the future oil revenues to be less than we expect today. For that reason it does not seem very rational to accustom ourselves to a level of services that can be maintained only if all goes well.

Others have had different views. But regardless of views, up to now we have put the oil revenues entirely into increasing domestic demand. In my estimation and





#### Prospects for Growth in the Norwegian Economy

- Gross national product, assuming 3 percent growth per annum, exclusive of the oil sector.
- .- Gross national product, assuming 1 percent growth per annum, exclusive of the oil sector.
- Gross national product, assuming 1 percent growth per annum, with the addition of oil revenues.<sup>1</sup>

and that of many others, that has been the determining cause of the price and cost pressure in our economy, because the increased demand has in reality created too great pressure on the job market. There has been competition for manpower, and that usually leads to wage and price rises.

Thus it has been found that the weakened competitiveness that results from our prices' having soared more than those in other countries has gradually done us more damage than the oil revenues can repair. We are losing more on the swing than we are making on the merry-go-round.

This problem is illustrated by the above figure taken from the Oslo group's report. The curves on the graph show how our disposable income will develop if mainland Norway's economy grows by 1 percent a year and how it will develop with a growth of 3 percent. It can be seen from the figure that the coming oil revenues will not be large enough to cover a difference between a 3 percent rate of growth in the economy of mainland Norway and a 1 percent growth rate.

The central hypothesis here is that the use of the oil revenues within Norway will lead to weakening mainland Norway's ability to grow and that this weakening can easily become so great that the oil incomes cannot cover the loss.

On that ground I would say no to the introductory question. We cannot live on the oil revenues. On the other hand, there is no point in industry's constantly growing bigger. But it must be big enough that we can simultaneously maintain a "normal" growth in income, full employment, and balance in our foreign trade. Today it is neither big enough nor profitable enough to accomplish these tasks.

#### What Can Be Done To Restore Industrial Health?

The word *health* was chosen above to avoid the word *growth*. Unprofitable growth is not a thing to strive for. If the growth and profitability are conditioned by large transfers or subsidies, we may wonder whether the industry is there for us or we for the industry. The objective must be to restore profitability, so that industry can grow on that basis.

But then, what can be done?

Here as elsewhere, of course, there is not one answer, *one* explanation. We must come to terms with the fact that complex problems demand complex measures. But perhaps in the first place we can roughly classify the measures under the following categories:

- Measures that require a change in the policy of the authorities, and
- Measures that require a change in the behavior of the firms.

#### Change of Policy

The most important requirement for us to have a highly competitive industry with a strong growth potential again is to eliminate the excessive demand that creates price rises and cost pressure.

This can be done in many different ways, but for many reasons this demand can be concretized into a demand to straighten out the state budget balance. This must not be done by imposing new excises and income taxes. The tax level is too high and inflationary as it is. The state budget must be balanced by the people's elected representatives' restraining themselves when it comes to appropriating money they have not got to solve problems that money cannot solve. They must manage to say no more often where today they say yes.

That is no easy task, but who ever promised us that it would be? But it is by no means impossible, and what we can at least do is look for methods or administrative techniques that make the task easier.

That is one of the reasons that many are now suggesting that public services be sold to a greater extent than previously at a price that wholly or partially covers production costs. It will then be possible to have a more meaningful test of how great the demand for constantly more public services is than by listening to the various pressure groups.

Another measure is to cut down on the transfers that make up over half of the state budget today. Unfortunately, there are reasonable grounds for assuming that

a considerable part of these transfers have no favorable distribution effects, that on the contrary they go roughly to the same people that pay the income and excise taxes that are necessary to finance the transfers and that the whole system has, first and foremost, adverse effects on prices.

Getting the economic policy adjusted so that the demand relationships are more balanced is a necessary precondition for restoring industry's ability to grow. But it is not a sufficient condition.

In addition, the whole economic policy must shift gears with a view to liquidating or restricting many support systems that hinder readjustment, adaptation, competitiveness, and efficiency.

What produced the industrial society's growth earlier was its ability to increase productivity by readjustment and adaptation. To too great a degree, both in Norway and in many other countries, we have introduced arrangements that protect individuals, firms, and groups against the demand for readjustment. It has gradually become evident that this leads to losses, even for the groups the arrangements were intended to help. They lose more by the weakening of the society's power to grow than they gain from a protected place in a stagnating society. It is this problem that the American economist Arthur Okun described in 1975 as "the big trade-off" between effectiveness and protection.

In a unanimous statement of the council of ministers in 1978, the OECD advised the member countries to change. Our previous government's long-range program serves notice of much of the same. So do the new government's declarations upon taking office. There should therefore be grounds for waiting a while to see what happens.

But whether these predictions come true may still be doubtful. The ruling classes, the trade organizations and professional organizations, the industry organizations and the wage-earners' organizations, will in practice oppose all attempts to simplify, to deregulate, and to introduce a competitive market. But the community's interests depend on its happening.

#### **Demands on the Firms**

No political change can establish industry's profitability and ability to grow unless the firms themselves see that as their main task. It is a fact that they have all too often and all too long reconciled themselves to results that are not adequate to compensate the factors of production properly. That being so, things will go only one way for the foreseeable future--down.

When the value produced by the firms is too little to cover the expenses of the production factors completely, it will ordinarily be used to pay the employees what they demand in wages, what corresponds to the usual wage costs. What is left over is too little to cover the capital costs completely.

The total return on the capital that is invested in Norwegian industrial firms was presumably about 9 percent in 1981, perhaps a little less. Savers are invited every day to invest their money at 12, 13, or 14 percent, sometimes even more.

It seems modest to say that the total return in Norwegian industry should at least be raised to 15 percent.

The first point is that the firms must understand that this is necessary.

But if they understand that, what can they do?

They can try to improve, to operate more efficiently, to use less capital, to improve their marketing or their products. But nobody can demand that anybody do more than his best. When that is done, we have to take the value created as a starting point. If it is too little, that means that the business must be shut down. If that leads to unemployment, that means that the wage level is too high.

When all is said and done, our income level must be adapted to our productivity and to the value creation that actually takes place. We cannot set the income level first and then hope to be able to find economic activity that is profitable enough to cover our income expectations.

In this process the firms have an independent responsibility. They cannot simply regard the wage costs as something that is imposed from the outside. It is the firms' business that must determine what wage costs can be permitted to accrue.

#### Should Industry Be Supported?

Today considerable support funds are being granted to industry. Compared to the support that is granted, e.g., to agriculture, to the fisheries, and to transportation, it is little. It must be obvious that industry generally cannot be helped to its feet again by transfers or support measures. In that case who would pay for it--the farmers, the teachers, or the nurses?

There is much to indicate, on the other hand, that support to the economy often has the effect that we maintain an artificially high level of income, a wage cost level that the firm normally cannot live with. Support may therefore create problems as often as it solves them.

#### Future Prospects

As our ability to compete is now and seems likely to be, we must reckon with a continued weak industrial production and a continued weak growth in the creation of value by industry.

It is not very probable that anything can be done that can remedy this in the short term. We must set our sights a little further ahead.

The danger is that if industry's growth capacity remains weak for a long time, we shall get serious employment problems. These cannot be remedied by continued expansion of state and municipal jobs. On the contrary, the expansion we had in public employment in the 1970's was more than anything else the cause of our present difficulties.

It is not that there is not a demand for more public services as such. But whether they are much in demand or little, they must be regarded as a cost that must be financed by operations that create the goods we can sell abroad or that enable us to avoid importing from abroad.

What is necessary to rectify industry's position, therefore, often has little to do with industry itself. In another article in AFTENPOSTEN earlier I called that the fight against our invisible enemies. What is required in the fight to restore our competitiveness, to prevent prices and costs from rising faster in Norway than in the countries we are competing with, is for us to refrain from using incomes that have not yet been created. Politicians of all parties must put their hobby-horses in the stall, and refrain from demanding that their favorite causes be advanced at the cost of the nation. It is when it becomes politically advantageous to display that maturity that sound industrial growth can again take place.

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CSO: 3108/43



## BRIEFS

OIL WORKERS' WAGE DEMANDS--(NTB)--Drilling personnel and well service personnel in the North Sea must be switched to a new wage system that guarantees wages at the international level, the Norwegian Oil and Energy Workers' Joint Organization (NOEMFO) insists. The demand will be put before the Norwegian Federation of Employers in the second half of January. The union has set up a committee to follow the wage development in the oil sector all over the world. Personnel engaged in drilling and well service in the Norwegian area are paid between 10 and 50 percent lower than their counterparts in other parts of the world, according to preliminary surveys. A total of some 1,700 persons are doing such work in the North Sea. [Text] [Oslo AFTENPOSTEN in Norwegian 30 Dec 81 p 9] 8815

COS: 3108/43

## QUEBEC GOVERNMENT'S FINANCIAL MANAGEMENT ASSAILED

Montreal LA PRESSE in French 28 Nov 81 p A6

/Article by Ivan Guay: "Mr Parizeau's Financial Management: The 'Good Government' Is Leading Quebec to Stagnation"/

/Text/ All Quebec citizens who are 23 and older can remember the provincial election of 15 November 1976, since they were eligible to vote in it. They can also remember that the theme of Quebec Party's campaign was to elect "a good government." They were elected and then reelected last April. But for Quebec's citizens, what is a "good government"?

For the citizens of Quebec, as for those elsewhere, a good government is one that gives the most (in services, allowances, and so on) and asks for the least (in taxes, restrictions, and so on). It is obviously the reaction of a child toward his parents. That is how people are, and it is on this basis that Mr Parizeau conceived his budgets. But since the government cannot give to the people with one hand unless it takes from them with the other, Mr Parizeau had only one solution: to camouflage the taxes as much as possible in order to increase them more easily and thus create the illusion of a "good government."

It is for this reason that state companies, especially SAQ, Loto-Quebec, Hydro-Quebec, and so on, are being systematically utilized as tax collectors through their price and tariff increases. Such measures have allowed Mr Parizeau not to index the tax tables for everyone but to reduce the income tax of some categories of taxpayers and to abolish the sales tax on textiles, clothing, shoes, and furniture. These conspicuous tax reductions were electorally profitable.

But a "good government" is very expensive because it must spend a lot. As the increase in indirect and hidden taxes was not sufficient, Mr Parizeau had to borrow on a massive scale. That is why Quebec's total debt tripled in 5 years. And it is also why, on 17 November Mr Parizeau introduced a supplementary budget that was very harsh on those with small incomes, since the taxes in this budget cancel with a single stroke almost all the preceding fiscal reliefs.

Mr Parizeau apparently wanted to show the financial lenders that the government had not lost control of its finances and that it could restrain its wild indebtedness. For the \$1.1 billion that this supplementary budget will take from the taxpayers through its repercussions on the next budget will prevent the 1982-83 budgetary deficit from reaching close to \$5 billion. Such a sum would have been difficult

to borrow, even at the current exorbitant rates, and would have compromised the province's credit.

However, this is only a respite, for Quebec is living so far above its means that the people are not psychologically ready to accept a radical reduction in government expenditures. Not to mention that the employees in the public sector are strongly unionized and would prevent the government, as they have done so far, from reducing personnel and above all the high salaries, as it should.

### The Mystification of the Good Government

Quebec's tragedy is that the population has not yet reached economic maturity. It is still involved in its nationalism and confuses the political demands of nationalism with economic realities. This confusion is maintained on purpose by the Quebec Party, which yearns for a "Laurentian nation" and secretly believes that it can support itself economically to prolong it. No one dares to plainly admit these things. But it is the connection between this deep-rooted nationalism and the Quebec government's theory of being an economic lever of the French-speaking people that has made the Quebec Party a success. However, the growth of the government, which is limitless, always ends by stifling instead of encouraging small enterprises and cooperatives, since these are basically founded on the freedom and initiative of individuals which the government always wants to restrain and replace.

But it is this type of government, this "good government", which has been elected. It is scarcely a caricature to say that it would like its citizens to believe economically that the wool from Saint Jean-Baptiste sheep is superior to that of Australian sheep or of American nylon thread. It would like the laws of the market to be subject to the laws of the National Assembly and that foreign competition should stop at the borders of Quebec. This hothouse attitude is very widespread. It explains the total lack of strictness on the part of most French-speaking analysts regarding the economic policies of the Quebec Party. The accommodating attitude of the French-speaking press with regard to this party has left public opinion in great ignorance of the events that have been brewing for a long time.

### Sliding Toward Stagnation

That is why the last supplementary budget took almost everyone by surprise. Nevertheless, this budget was inevitable and foreseeable. It came a little later than one would have thought, thanks to the astuteness of Mr Parizeau, who for 2 years knew how to camouflage the failure of the economic progress promised by the minister-preacher Bernard Landry in his mini-summits and his bible, "Build Quebec." Moreover, Mr Landry reduced the number of unemployed by turning, for example, three unemployed people working 3 months a year into one person working full-time for a year. This champion of the OSE [expansion unknown] program put his initials into practice. Unfortunately, Minister Landry's arithmetical agility has not prevented factories from closing nor companies from becoming bankrupt.

For how long will Messrs Parizeau, Landry, and associates make this deception? This question could not even be asked except in Quebec, since it is only in the Beautiful Province that economics are confused to this point with politics. In order to have succeeded in getting the Quebec population into such indebtedness, it requires more than talent from the politicians, it requires vast unawareness among the population. For there is a fundamental difference between a dynamic economy and a broken-winded economy. In a dynamic economy, one can temporarily accumulate large deficits, which the economic growth ends by absorbing. But in an almost chronically broken-winded economy such as Quebec's, the enormous deficits prevent any real revival and any sustained growth.

In order to justify its deficits and the failure of its administration, Mr Parizeau attributed them to the exorbitant interest rates and to continued inflation. But all that was not only foreseeable but had existed for a long time. The federal government has continued the same ill-fated monetary policy uninterruptedly since 1975. Mr Parizeau knew it and was even in agreement with this policy. The inflationist pressures have been exerted uninterruptedly since the oil crisis of 1973. Mr Parizeau was aware of this and even spoke of it in his budget speech. However, what Mr Parizeau does not admit is that he bought his peace with the public sector in 1979, just as Mr Bourassa did in 1976, by granting wage increases and wage and pension indexing disproportionate to the state's means, in spite of his pledges not to encourage the public sector to the detriment of the private sector.

An economist who shows evidence of such lack of foresight and who commits such errors of administration would do better to exercise his other talents and become, for example, a good guitar player. One must then, state that the "good government" is leading Quebec into stagnation.

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CS0: 3100/161

## MINISTER PLEADS QUEBEC'S CAUSE IN HAITI

Montreal LA PRESSE in French 28 Nov 81 p B7

[Article: "Lucien Lessard Pleads Quebec's Cause in Haiti"]

[Text] Minister Lucien Lessard, who is currently taking part in the Conference of Ministers of Youth and Sports of French-Speaking Nations in Port au Prince (Haiti), took advantage of the occasion yesterday to let the delegates of the 25 French-speaking countries know of Quebec's constitutional problems.

With a reminder that Quebec is the only area in North America where a vast majority of citizens speak, work, and live in French, Mr Lessard stated that the traditional spirit of tolerance of the people of Quebec led them to grant their English-speaking minority a privileged treatment that is unequalled elsewhere in the world.

According to the minister, the process of revising the Canadian constitution, initiated by the central government, raises special problems for Quebec, which finds itself isolated in Canada as a whole, because it cannot give its agreement to the planned changes for the simple reason that these changes mean for it the loss of existing rights and powers.

"The government of Quebec is even more opposed to the unilateral changes that English-speaking Canada is preparing to carry out since it is assured that they will grant no real additional protection to the French-speaking minorities of the other regions of Canada," he added.

The minister asked the international French-speaking community "for the moment, at least," to keep itself informed of events occurring in Quebec.

11550

CSO: 3100/161



PAPER INDICATES NEW JORGENSEN GOVERNMENT DESERVES 'REASONABLE' CHANCE

PM151415 Copenhagen AKTUEL in Danish 11 Jan 82 p 2

[Editorial: "Cooperation"]

[Text] On Tuesday [12 January] Anker Jorgensen's fifth government makes its debut--without a safety net. Some of the political parties pointed to Anker Jorgensen as negotiation leader with the task of forming a government, and the natural consequence of this should be that these parties should support the government. However, the Folketing's work moves on without any such guarantees.

However, a damoclean sword hangs over the Folketing--if the government is brought down, an alternative nonsocialist coalition government would not have any better survival chances.

Things may seem pretty terrible, but at the same time we are in the situation which so many parties have wanted and called for often enough--matters are put to the Folketing and decided there.

Now the prime minister is about to make his "inaugural declaration" and present the legislative package the government wants to have passed by the Folketing. The situation is such that Anker Jorgensen will not be able to get the whole of the social democratic plan of action through the Folketing. But it is also true that policies based on social democratic principles must be implemented.

Anker Jorgensen's new government is not a "strong" government. If on the other hand it is not given the reasonable chance it deserves we run the risk of being drawn into a vicious political circle which will make it completely impossible for anyone at all to govern.

CSO: 3106/51

## UNITY STILL ELUDES SKDL AS SKP MINISTER AIDS KOIVISTO EFFORT

## SKP Stresses USSR Relations

Helsinki HELSINGIN SANOMAT in Finnish 27 Nov 81 p 5

[Text] The Communist Party considers the securing of an active peace policy based on the YYA [Friendship, Cooperation and Mutual Assistance] treaty to be the most important issue of the upcoming presidential election, as well as further development of the friendship between Finland and the Soviet Union.

The SKP central committee meeting that ended on Thursday [26 November] discussed the issues involved in the electoral voting.

The central committee stated that the election is also significant from the domestic policy point of view. "The outcome of the election will influence how the relationships between political forces will develop in our country, as well as what the conditions will be for building a democratic front, the Finnish Communist Party stated.

The statement by the central committee also indicates that the worsening international situation makes the election especially significant. The statement gives strong support to SKDL candidate Kalevi Kivisto.

The central committee made a decision on the changing of party membership cards and the renewal of the membership registry. It was decided that the changes be made during the first quarter of 1983.

Also discussed was the SKP administrative budget, on the basis of a preliminary report by parliament representative Arvo Kempainen. The meeting appointed a study group material for the discussion on the organization level.

The proposal by the party headquarters for reorganizing of the party's central administration was also discussed. The matter was tabled for further discussion.

On the subject of the general resolution on the People's Democratic press, the central committee stated that the SKP political board together with the secretariat should continue their work for this purpose.

The central committee appointed as the new organization secretary the current information secretary of the Construction Workers' Union, Risto Koskinen, to succeed Erkki Liikanen who is being transferred to another post.

The time of the assumption of new duties was left open.

#### TVK [Central Union of Employees and Office Workers Organizations] Supports Insurance Strike

The labor dispute in the insurance field continued for a fourth day on Thursday. The strike that started in the pension insurance companies means in practice that new pension applications cannot be considered. The December pensions, however, can be paid normally, and the strike does not have any effect on the folk pensions, for example, because the Folk Pension Institute is not involved.

There have been no negotiations for ending the strike so far. The insurance strike is intended to extend on Monday to include the Pohjola and Sampo companies, and on 7 December, other insurance companies will have their turn unless a solution is found before hand.

The striking Insurance Workers' Union received support on Thursday from the central organization, the TVK. In its declaration of support, the TVK called for its member organizations to give all possible support to the successful ending of the strike.

#### CP Approaches SKDL with Compromise

Helsinki HELSINGIN SANOMAT in Finnish 27 Nov 81 p 5

[Text] The political committee of the SKP [Finnish Communist Party] has given the SKDL parliamentary group a recommendation towards unification of the group.

The political committee proposes a "reasonable compromise" in order to prevent the split of the Folk Democratic and Communist movements. The SKDL parliamentary group discussed the recommendation on Thursday and saw no need for new decisions.

The SKP political committee involved itself with the SKDL group's problems, as the Stalinists were excluded from the group in two lots in October and November.

The Stalinists, who are dissatisfied with the governmental policy, have been voting for years out of accord with the majority of the parliamentary group. Last spring, the Stalinists were given a warning. This was followed by expulsions from the group, which are valid to the end of November. If the 11-member Stalinist group continues with its dissident votes, they face expulsion from the group until the end of the election period.

If the parliament is not dissolved with the government negotiations following the presidential election, the election will end with the 1983 March election.

#### Against Armament Funding

The SKDL parliamentary group discussed on Thursday the recommendation by the political committee and the unity of the group. According to the group, there was nothing new as such in the committee's statement. As the Stalinists return to the group in the beginning of December, the group will attempt to negotiate on the upcoming issues and procedures case by case.

According to the chairman of the group, Jarmo Wahlstrom (Communist), the old decisions are still in force, according to which the group obeys the group decisions. Also the SKP political committee in its recommendation called for sticking by the group decisions.

The SKDL majority made a group decision on Thursday that it will submit a protest against the authorization to order new weapons. Fmk 72 million have been appropriated for this purpose in next year's budget. The ordering authority, divided over several years, includes for instance a total of Fmk 500 million for the purpose of acquiring new battleships.

The SKDL has opposed these appropriations in toto. The majority, which has normally agreed with the government majority decisions, now hopes that its decision on opposing the weapons funding will smooth the road for group unity.

Besides the weapons funding, the Stalinists see other issues in the budget on which they oppose the government proposals. The group unity will be measured by these issues during December. The Stalinist demands involve, for example, employment and housing funds.

#### "Dissatisfaction over Disagreements"

The SKP political committee notes in its unity statement that the differing and often contradictory behavior in voting within the parliamentary group has caused growing dissatisfaction among both membership and supporters.

According to the political committee, the dissatisfaction is aimed at both the voting behavior and the subsequent punishments.

The line differences have caused mistrust of the entire movement, and this might cause the final split and formation of separate electoral alliances, noted the political committee.

The political committee considers the contradictory votes that produce no results as mere expressions of opinion, which should be made public in the Fold Democratic press when requested.

According to the SKDL majority, it is unnecessary to make separate resolutions on the publicizing principle. The opinions are revealed anyway at different stages of discussion of the issues.

#### SKP Deemphasizes Neutrality Policy

Helsinki UUSI SUOMI in Finnish 28 Nov 81 p 11

[Text] The Communist Party feels that attempts are made in Finland to change our international position by using especially the emblem of the so-called neutrality policy. The international statement of view by the SKP committee that was made public on Friday [27 November] states that the right-wing forces of our country are behind this effort.

The SKP announced, in the same connection, that it regards the YYA Treaty as involving more than the relationship between Finland and the Soviet Union. It is the cornerstone of our country's entire foreign policy and its active development. The SKP opposes attempts at changing our foreign policy through deemphasizing the YYA Treaty's significance, states the central committee.

The SKP emphasizes that Finland can give, through active foreign policy, positive support to the move towards peace. According to the SKP, Finland's foreign policy must be constant and take initiatives for peace.

#### SKDL's Wahlstrom Comments

Helsinki HELSINGIN SANOMAT in Finnish 29 Nov 81 p 12

[Excerpt] The SKDL will work at all stages of the presidential election to support Kalevi Kivisto in the spirit of the electoral proclamation, stated Jarmo Wahlstrom, the SKDL parliamentary group's chairman, on Saturday [28 November] in Pori. The SKDL electors are not for sale, Wahlstrom claimed.

Referring to the speeches by the chairman of the Center Party, Paavo Vayrynen, and by minister Taisto Tahkamaa, Wahlstrom asked if the SKDL has really given a picture of itself that indicates that its electors can be divided here and there according to the convenience of the Center Party or anyone else.

"Maybe this kind of picture has been portrayed in a part of our movement earlier," answered Wahlstrom his own question. In his opinion, the claims that the SKDL electors are for sale involve a conscious desire to split the SKDL.

Wahlstrom emphasized that securing Finland's foreign policy line will only succeed through cooperation between the Left and the Center. It is very much against the original spirit of the Center Party to make a union with the party that represents big capital as the Center Party appears to plan at least according to some of the expressed views," said Wahlstrom.

#### Kivisto Warns of Strengthening Right

Helsinki HELSINGIN SANOMAT in Finnish 29 Nov 81 p 12

[Text] The Folk Democrats' presidential candidate, Education Minister Kalevi Kivisto, warns against a possibility in which Finland might face a regrouping of political power relations. At worst, this might indicate that the right-wing groups will strengthen further, said Kivisto in his speech to the Swedish-language Folk Democrats' meeting in Helsinki on Saturday [28 November].

"The Center Party has slid strongly to the Right. This is reflected, for example, in the economic policy line and the attitudes apparent at the recent party conference. It appears clear that the Center Party's recent move to the Right will at least not further the opportunities for continuing cooperation between the Center and the Left after the presidential election," said Kivisto.

However, Kivisto emphasized that cooperation with the Center will continue to be of central importance in the political setting of goals by the Folk Democrats. At the same time he emphasized the importance of cooperation between the Leftist parties.



## Saarto's Conditions for Backing Koivisto

Helsinki HELSINGIN SANOMAT in Finnish 30 Nov 81 p 11

[Text] The electors of the Finnish People's Democratic League will not give their support in the presidential election to the Social Democrats' Mauno Koivisto. Minister of Transport Veikko Saarto (Communist) said on Sunday [29 November] in Mikkeli that the SKDL's condition for voting for Koivisto is a common program agreed on by the Left.

Saarto said in the Mikkeli district meeting of the SKDL that it is now time to answer the question whom the SKDL electors will vote for in the last round of the presidential elections.

Exactly the opposite view was expressed by a representative of the majority communists, parliament member Unto Ruotsalainen: "In my opinion, it is useless to speculate whom we will vote for in the last vote because there is reason to keep this forum open as long as possible."

It seemed also otherwise impossible for these two representatives of the same camp to find a common tone for the presidential election--at least in the light of their speeches.

Saarto raised the flag for Koivisto and for the Left-wing cooperation. Ruotsalainen branded the Social Democratic Party as a pro-NATO party and Koivisto to himself as a product of the media--"the candidate called Koivisto was born neither in Turku nor in Helsinki, but he has been created by the media."

Saarto started from the assumption that none of the candidates will garner a sufficiently large electoral group and that the final round will be preceded by trading over who will support whom under what conditions.

Saarto listed as the SKDL conditions an active peace policy, careful tending of relations with the USSR, and continuing of the Left-Center cooperation.

"Kivisto Will Fall"

Saarto emphasized that Koivisto has better chances than Kalevi Kivisto of going all the way to the final voting.

"So the realistic Leftist goal is, in my opinion, choosing a Social Democratic president through a commonly agreed-upon program by the Left, which has to be regarded as a condition of united appearance by the Left. The Leftist program is needed in order to secure progressive societal development, and mutual agreement is needed for the general reason that there are still areas where cooperation is possible between the Social Democrats and the Conservative Party but not between the SKDL and the Social Democrats.

Towards the end of his speech, Saarto gave some advice: "To those Left-wing voters who want to aid Koivisto's election by a Left program, the right solution is to vote for the electors of Kalevi Kivisto."

## Dialect and Eyes

"Manu [Koivisto] has good gestures, he speaks the Turku dialect, he has a so-called lack of hair on his forehead, women like Manu, say the reports, and the Thursday ILTA-LEHTI made a point of saying that Manu has wonderful eyes," went on Ruotsalainen whose attitude towards Koivisto is more skeptical than Saarto's. "None of these characteristics make it quite clear what kind of a president Manu would be. And this is a problem which we cannot sidestep."

Ruotsalainen claimed that the SDP, which he branded as a pro-NATO party, stays relatively Leftist only by virtue of Finland's geopolitical situation and the strength of the Finnish communists.

Ruotsalainen did not spare other parties and candidates either. "In the Kuopio Ice Hall, it was the emotions of 1930's youth that took the lead, the emotions of the 30's farmers and farmers' wives, still feeling the weight of the Suojeluskunta [voluntary Right-wing militia] and the Lotta Organization [corresponding women's organization] uniforms on their shoulders. The meeting displayed a clear anti-Kekkonen spirit and backing away from our foreign policy line."

"As far as suitability of the Conservative Party candidate is concerned, I will not touch on that due to insufficient time and also because it is such a clear issue for the Folk Democratic people," Ruotsalainen ended its speech.

## Consumers and Judases

A couple of election speakers complained on Sunday that the consumer is not being protected against dishonest political advertising. Both called for invocation of the consumer protection law against the Social Democrats who, according to these speakers, are marketing Koivisto as a nonpolitical alternative.

The Liberal electoral candidate Kyosti Lallukka complained in Lohja about the Social Democratic Party's election ads. According to him, the law does not acknowledge electoral alliances for Mauno Koivisto or any other candidate, only electoral alliances by the parties.

The Conservative Party's Mauri Miettinen in Mäntyhärju called for the consumer protection agent's interference with the Social Democrats' "misleading, advertising."

The Sunday speakers did not make a name for themselves as finders of fresh figures of speech. Both Ilkka Kanerva of the Conservative Party and Veikko Vennamo of the Finnish Rural Party had to take recourse in the metaphor of the Judas kiss.

Kanerva, who spoke in Turku, said that Mauno Koivisto has received the Judas kiss from all those political movements which have to the last opposed the Paasikivi-Kekkonen foreign policy. If it is not a question of a Judas kiss, then it is a new and useful way of realizing one's longstanding goals, Kanerva intimated.

According to Vennamo, a Judas kiss has been received and approved of by the Christian Party's Raino Westerholm from political switch hitters who have bank notes instead of spines.

Paper on 'Left's Hope'

Helsinki UUSI SUOMI in Finnish 1 Dec 81 p 2

[Editorial]

[Text] "A realistic Left-wing goal is according to my understanding the election of a Social Democratic president by the aid of a commonly agreed Left-wing program," said Transport Minister Veikko Saarto (SKDL) in his Sunday speech.

Also other Communists and Social Democrats, the presidential candidate Kalevi Kivisto included, have spoken in favor of electing Mauno Koivisto.

It has not become clear so far what sort of common Leftist program the Communists are hoping for with their support for Koivisto.

The Social Democrats have been rather uncomfortable over the public speeches in which the SDP presidential candidate has been named as a common Leftist candidate. Also Saarto gave very little indication as to what this common program could involve. He only referred to "securing progressive societal development."

A new weekend news bulletin was that the Constitutional People's Party also gave its support to Koivisto, who now is getting support from the Left and the extreme Right. As the Constitutional Party hardly will have space in either the SDP's or the SKDL's common progressive plans, support for Koivisto is to be interpreted mostly as a protest.

On the bourgeois side, the Constitutional Party bears little influence, but it is nevertheless unfortunate that it did not line itself up behind a bourgeois candidate. For some reasons, the Constitutional Party finds the Social Democratic candidate appealing--their previous presidential candidate was Ahti M. Salonen, a member of the SDP.

The pieces of the presidential puzzle are beginning to come together. From excessive stress on personalities of candidates, a transfer is taking place towards stressing of ideas and ideologies. The Left has come up with its own main candidate. The bourgeois parties need not fear that they will come to the election with several candidates. This is the normal, democratic way.

9571

CSO: 3107/27

## SPLIT WITHIN CATALONIAN COMMUNIST PARTY RECOUNTED

Madrid EL SOCIALISTA in Spanish 23-29 Dec 81 pp 22, 23

[Article by Luis Arbones: "The PSUC, Split in Two"]

[Text] The return of the Unified Socialist Party of Catalonia (PSUC) to Eurocommunism is proving to be traumatic. The expulsion of the two leaders of the pro-Soviet sector and the dismissal of 21 other militants, measures decided upon by the Central Committee on 10 December, have brought the Catalonian Communists to the brink of a division with highly significant consequences. At the present time, the possibility cannot be precluded that those penalized may decide to hold a congress of their own, and to establish a new party, challenging the initials of the current PSUC leadership.

Although it is too soon to make such a claim, the fact is that some irreversible events have occurred: in the first place, the break between the Eurocommunist and Leninist sectors on the one hand, and the so-called pro-Soviet sector on the other. Secondly, the political declaration and the changes in statutes that are to be submitted for the approval of the Special Congress called for March 1982, at which the party will establish itself as Eurocommunist again. This convocation has been flatly rejected by the pro-Soviets, who wield as a banner the resolutions from the Fifth Congress, held in January 1981, at which they eliminated the Eurocommunist position, it should be recalled, with the support of the Leninist sector with which the secretary general, Francesc Frutos, and some of the PSUC's best known professionals, such as Manuel Vazquez Montalban, Andreu Claret Serra and Xavier Ribo, are affiliated.

The Central Committee decided to expel the 12 pro-Soviets with a two thirds majority of votes associated with the Euros and Leninists, on charges of having engaged in divisive efforts, setting up a parallel leadership and attacking the party's internal democracy. Those expelled are: Pere Ardiaca, former president and historical founder of the PSUC; Josep Serradell, Joaquin Boix, Leopoldo Espuny, Joan Muniz, Alfred Clemente, Jose Maria Corral, Felix Farre, Maria Pere, Celestino Sanchez, Francisco Rives and Juan Ramos. Moreover, 21 militants have been dismissed from the party for periods ranging from three to six months, and the activities of the district committees of Baix Llobregat and Valles Occidental, the Inter-District one and the Lerida local one have been suspended.



## Those Expelled Are Not Leaving

The challenge facing the Euro-Leninist faction of the Catalanian Communists' party lies in the fact that the pro-Soviets, with the hypothetical backing of the thousand militants affected by the Central Committee's penalty, are still upholding their positions from within the party, and have established a strategy consisting of an attempt to replace the leadership through strictly statutory channels. Pere Ardiaca and Celestino Sanchez were very explicit when they stated: "We still feel affiliated with the party, and we shall fight for the positions of the Fifth Congress. The one convoked for March is completely illegal, and will entail the liquidation of the PSUC."

For this reason, the flight of militants which Paco Frutos anticipated after the expulsions has not occurred. The pro-Soviets have not left the Groups, nor have they placed in the Central Committee's hands the files and funds which the latter demanded in the resolution of 10 December. It is the pro-Soviets' intention to contest the Special Congress, to foster a rank and file movement against the leadership and, finally, to hold a congress of their own that would reaffirm the policy and strategy of the Fifth Congress. The conclusion is very simple: The split into two distinct parties could become a fact in the next few months.

The "Leninist" tactic of those expelled, who during the past few days have attained new supporters for the manifesto of the 26, which served as a trigger for the sanctions, has been demonstrated by the decision that they have made to appeal against the sanctions to the Appeals Committee. However, Ardiaca declared that he had no confidence in their being abrogated. Meanwhile, Pere Ardiaca, Juan Ramos, Celestino Sanchez and Jose Maria Corral have sought their transfer to the Mixed Group of the Parliament of Catalonia; but both they and the rest of the penalized pro-Soviets are still using the initials and the anagram of the PSUC. Hence, it cannot be denied that there are right now two Catalanian Communist Parties in existence.

This has prompted the PSUC Executive Committee to publish ads in the Catalanian newspapers and to send letters to the news media signed by Paco Frutos, in which they explain the proposals submitted to the Special Congress, and request the media to "verify the use of the PSUC initials and anagram" in the memoranda, messages and convocation notices that they receive. The question is unnecessary, inasmuch as the pro-Soviets come primarily from working-class areas where the party is strongly entrenched. The use of that strength by the pro-Soviets would entail a possibility of eliminating the leadership headed by Francesc Frutos.

## Intellectuals' Manifesto for Integration

But the crisis which the PSUC is undergoing is not concentrated solely on the conflict with the pro-Soviet sector. The splits have also appeared among the members of the leadership surviving from the trauma of the divisions, and indicate the high degree of opposition being met by the Eurocommunist counteroffensive. Recently, a group of professionals from the party affiliated with the so-called "Leninist left" released a manifesto in which they called for reaching an internal agreement so as to prevent the break in the PSUC and the party's coming under the absolute control of the Social Democratic destroyers. This manifesto was signed by such professionals as Joaquin Sempere, Manuel Vazquez Montalban and Javier Ribo (the latter two being



Central Committee members), and obtained the support of Josep Miguel Abad, deputy mayor of the Barcelona City Hall, and of several dozen professionals and intellectuals from the PSUC. The signers of this manifesto for "integration" are the same ones who had tried to reach agreement up to the last minute with the pro-Soviets, and had opposed the expulsion of the council members of the Madrid PCE [Spanish Communist Party] who signed the convocation for the function of Lertzundi and Onaandia. Understandably, they do not approve of the unconditional return of the Euros, whose mistakes caused the "leftist" reaction at the Fifth Congress and the "purge" of the same Leninists who signed this manifesto.

The resolution of the PSUC's Central Committee first stresses "the very serious situations brought about by the action of some of the members of the Central Committee and other militants, reflected in the public appearance of a factional document signed by 26 members of the Central Committee." It then declares that these militants had set up a "coordinating organ" for the Special Congress of March 1982, "which constitutes a parallel leadership." The resolution goes on to say, "This coordinating organ, as well as other subsequent factional activities, will attest to the absolute disregard of their protagonists for democracy in the PSUC, and for the collective work in leadership organs, as well as disregard for the party's unity."

The documentation accompanying the resolution also contains some comparative figures on the representative status of the delegates to the Fifth Congress and the Special Congress to be held within 3 months. According to these figures, the representative status of the Baix Llobregat and Valles Committees and Groups will not decline, as charged by the pro-Soviets in the aforementioned document, but rather will increase in proportions ranging from 16 to 70 percent.

According to the present secretary general of the PSUC, "A group of militants and leaders had created the foundations for making normalization of the party's political activity impossible. But I do not accuse anyone personally."

Paco Frutos added: "I hope for those sanctioned who may or may not return to the party within a period of time, if they accept the policy line, that this traumatic experience will help them to understand that the essential problems cannot be settled with a direct action. There is a need to achieve a capacity for democratic debate, and to arrive at agreements that will make it possible for the party to operate normally." It seems obvious that these agreements may be reached at the forthcoming Congress regarding the establishment of a Eurocommunist policy.

2909

CS0: 3110/59

## OFFICIAL PCE ORGAN REPORTS ON PARTY SPLIT IN CATALONIA

Madrid MUNDO OBRERO in Spanish 18-24 Dec 81 pp 38, 39

[Article: "Clearly Factional Activity"]

[Text] At 2030 hours on 9 December, the meeting of the PSUC [Unified Socialist Party of Catalonia] Central Committee began. It was a marathon session which lasted until 0630 hours in the morning, and at which there were 53 speeches, culminating in the sanctions described in the communique from the PSUC Central Committee. After the meeting, the secretary general of the Catalonian Communists held a press conference, at which he explained the decisions that had been made.

The expulsion of the 12 members of the PSUC Central Committee took place because of the establishment of a group parallel to the present Communist leadership, called "the coordinating organ which signed the manifesto of the 26." Also expelled along with these signers was the deputy to the Parliament of Catalonia, Juan Ramos, who had no functions in this parallel entity.

The proposal to expel 12 members of the Central Committee was made by the Executive Committee, which met the preceding day, giving virtually unanimous approval to this proposal for expulsion, since the only votes cast against it were those of Juan Ramos and Juan Muniz, both of who were affected by the proposed sanctions.

At this Central Committee meeting, the PSUC secretary general, Francesc Frutos, explained to the members of the Catalonian Communists' leadership entity the resolutions adopted by the Executive Committee, preceding this with a brief report on the political situation. During the course of his explanation, the PSUC secretary general stated that no police investigation had been opened to find out about the so-called "coordinating organ" but that the actual evidence of the establishment of this entity had been supplied by a member of the Bages District Committee.

According to statements made by the PSUC secretary general, the document establishing this parallel entity was signed 2 November of this year, and therefore the claims made by the signers to the effect that they were thereby attempting to thwart the preparations for an antidemocratic congress are not valid, because the regulations for holding the Special Congress of the PSUC, which will take place on 19, 20 and 21 March, were not approved by the Central Committee of the Catalonian Communists until the final days of that same month of November.

In his analysis of the aforementioned document, Francesc Frutos stressed that a factional effort had been made, so that, despite the claims made by the signers thereof, to the effect that they did not desire the breakup of the PSUC, that was actually what they were doing.

He described the contents of the document as poor; he criticized the areas relating to international policy, and the appeal that was made for insubordination among the PSUC militants, categorically rejecting all the statements about an attempt to "fake" the results of the forthcoming congress.

The PSUC secretary general described the present situation of the Catalanian Communists as traumatic, stressing that it is a proven fact that there had been infiltration of PCOE [Spanish Workers Communist Party] elements before the Fifth Congress. He also remarked that the PSUC will never be an anti-Soviet party, but that it was unwilling to give up its nature as an independent party. After 53 lengthy addresses, and before the voting took place on the proposal for sanctions adopted by the Executive Committee, the PSUC secretary general took the floor to ask those affected to renounce the document and accept the majority policy adopted by the Central Committee; which they expressly refused, confirming their positions.

#### Formation of a New Party

On the day after their expulsion, four of those affected by the ousters, who are deputies to the Parliament of Catalonia, withdrew from the Communist Parliamentary Group, and registered as unattached. Those four deputies were: Pere Ardiaca, Celestino Sanchez, Chema Corral and Juan Ramos.

The speed with which this decision was made is generally interpreted in Catalanian political circles as one of the first steps toward the formation of a new political party; although it would probably not take shape until the appeals against the sanctions that have been imposed have been decided on by the Guarantees and Control Commission.

With regard to the decision of the supreme leadership entity of the PSUC which caused all the material from the Valles headquarters to be put under its custody, it has been learned that this Committee, which was dissolved at the decision of the Central Committee, had transferred all the material and furnishings to another headquarters which is not registered in the name of the PSUC. In Baix Llobregat, the Committee which was also dissolved has refused to turn over the material held by it.

#### Summary of the Communique From the PSUC Central Committee

The Central Committee has become apprised of a factional meeting prior to the convocation of the Special Congress, at which, with the attendance of several members of this Committee and of other militants from different organizations, there was a discussion of how to act toward the Central Committee and toward the preparations for the Congress. A coordinating organ was also formed which constitutes a parallel leadership, with different individualized responsibilities.

This meeting, the "coordinating organ" and other subsequent factional activities indicate an absolute disregard on the part of their protagonists for democracy in

the PSUC, and for the collective work of its leadership organs, as well as a disregard for the party's unity and for the militants' participation through debate in the organizations. Particularly when we are in the process of preparing for a Congress at which the militants, through their delegates, will have to decide not only on the contents of the PSUC policy, but also on whether or not the action of its leadership organs since the last Congress has been proper.

The Central Committee considers it a very serious attack against the internal democracy of the party and its leadership organs elected at the Fifth Congress and, in the long run, against its unity, that a faction of this Committee has prepared, signed and released a document opposed to the collective resolutions of this Committee. This document, in which a factional appeal is made to the militants to oppose the resolutions of this Central Committee, as well as its abnormal distribution, constitutes an attack on the party's unity; inasmuch as the group which signed claims a legitimacy at odds with and opposed to this Committee, which believes that the signers of the document, who are indicating and fostering a factional option, are responsible for the consequences that their action may have for the maintenance of the PSUC's unity.

The Central Committee reaffirms the completely democratic nature of the rules on convocation and the regulations governing the Special Congress, and agrees upon the following sanctions:

Expulsion of the following comrades from the PSUC: Pere Ardiaca, Josep Serradell, Joaquim Boix, Leopold Espuny, Juan Muniz, Alfred Clemente, Jose Maria Corral, Felix Farre, Maria Pere, Celestino Sanchez, Francisco Trives and Juan Ramos.

Separation from the party for a period of 6 months of: Felip Rull, Esteban Cerdan, Francisco Aguilar, Jaume Balsells, Josep Barbera, Josep Maria Castells, Joan Castro, Agusti Daura, Montserrat Domingo, Josep Maria Farinas, Miguel Guerrero, Rafael Juan, Manuel Linares and Pere Soto.

Separation from the party for a period of 3 months of: Juan Ignacio Valdivieso, Justiniano Martinez and Cinta Llorens.

Opening of action against: Jaume Valls, Josep Estrada and Santi Diaz.

The Central Committee agrees upon the suspension of activities of the District Committees of Valles Occidental and Baix Llobregat, and of the International Committee of Lerida, and assumes the leadership of the Local Committee of Lerida. All the groups, militants, municipal groups and organizations will come directly under the Central Committee, in the manner decided by the Central Committee's executive committee and secretariat.

2909  
CSO: 3110/59

## EDITOR SEES 'GRAND COALITION' AS ONLY SOLUTION TO CRISIS

Stockholm DAGENS NYHETER in Swedish 20 Dec 81 p 2

[Article by Matts Balgard]

[Text] Now there is only one realistic way out of the crisis-- a grand coalition between the middle spectrum and the Social Democrats. All other speculative "solutions" only lead up partisan blind alleys. That is the view of Matts Balgard, former editor in chief of VASTERBOTTENS-KURIREN (Liberal).

Our politicians and parties are approaching a test. The next 2 or 3 months will show if our democratic decision-making apparatus is able to rally for an attack on our economic crisis or not. For 5 years the possibilities and impossibilities have been hashed over ad nauseam in the so-called political debate (which has consisted mostly of people repeating their own standpoints). Now the only thing left realistically as a way out of the crisis is a "grand coalition" between the middle spectrum and the Social Democrats. All other speculative "solutions" only lead up partisan blind alleys.

The reasons can be outlined briefly as follows:

1. The national economic crisis.

It is enough to remind ourselves of the terribly automatic quality of the growing state budget deficit: a higher deficit, higher interest rates on state debts, even higher budget deficits, year after year. When the National Debt Office waved its fattest "Save in '81" carrot so far in the fall the ads said: "The bank will give you 11.75 percent, Save in '81 will give you 15-18 percent"--plus doubled loan amounts as a tax-free bonus after 5 years! That provides an unpleasant sense of how steep the slide is already in the direction of Swedish national bankruptcy.

What good does it do to whine about industrial investments that are too low and employment declines or to demand wage-earner funds that could provide new risk capital as long as the national debt outbids all other investment alternatives? Why start new enterprises? The managers of capital can live quite happily on the national debt at the expense of the taxpayers! But how long will such an absurd capital market function and how can we get rid of the paralyzingly high interest situation?



But domestic indebtedness isn't so dangerous, many console themselves. The people are borrowing from themselves and interest and bonuses go right back in our own pocketbooks. Yes, but we are "borrowing from the future" to pay now for what we can't afford today. This also means that the very large numbers of the Swedish people who do not have any cash to invest in the national debt are forced for the indefinite future to buy on the installment plan a new and much less equitable economic class society!

Mounting budget deficits also tempt us and force us to borrow more money abroad. How much can we bear and how long will we have? If we can't make surplus sales to other countries we can't pay for what we need to import. In a situation where passive capital investment in a growing domestic national debt seems most profitable the opportunities to increase exports are restricted.

## 2. The political crisis.

The partisan bloc balance has paralyzed the effectiveness of our parliament ever since the "lottery parliament" of 1973. In our present extremely effectively interest-organized society practically anyone can block anyone else. Most of the social spending at the state, county and local level has been given a built-in more or less automatically rising effect and almost every expenditure is defended against cutting by vigilant interest groups. The so-called debates in parliament, public speeches, TV, radio and the press have all developed in the direction of complaints about belt-tightening, lowering of standards, price increases and bad moves on the part of the authorities. It is a debate that leads nowhere but simply creates dissatisfaction and a bad mood among all the people.

But that debate hardly speaks for the people. Out among so-called ordinary people one mostly encounters a straightforward and realistic view of the crisis. They are waiting for decisions and a mutual gathering of political forces. They are waiting for politicians brave enough to have faith in the people and in the future despite the dark crisis clouds. They are waiting for a government that dares to say that now we will join forces in dealing with the problems! We'll take hard steps for a period of 5 years and we will all help divide up the effort and the sacrifices in a socially just way!

Such a decisive message on the part of the government could mark a turning point. But it calls for replacing the two-bloc stranglehold with a broad unification of political forces. In the crisis of the 1930's the so-called horse trade was such a psychological turning point. That "crisis settlement" was voted through by the Social Democrats, the Farmers Union and most of the independents. The situation is quite similar now.

The two-bloc situation offers no political or psychological opening, no matter which bloc wins the election. Experiences from the last two election periods show how closely the Conservatives are bound by tradition and solidarity with high-income groups. Therefore the dividing line between the Conservatives and the middle parties is more real than was previously believed.

Furthermore it has been made clear that neither the middle nor the entire "non-socialist camp" can pursue a consistent policy to combat the crisis with the union and political labor movement in constant and determined opposition. On the other hand even if the Social Democrats win the 1982 election they will be too weak to support a strong government policy. The decision must be anchored in a considerably broader popular majority than a little over half if a clean-up policy is to succeed.

That is how the situation looks. Much of the disagreement over wage-earner funds is a superficial conflict serving mainly to conceal partisan reservations about changes and new steps. Politicians stare blearily at opinion percentages and the chances and risks of their own parties. But the important thing is not whether one party or another wins prestige or not; it is far more important to save the entire country from sinking into the wild swamp of the overburdened national economy.

Decisiveness must come soon. The time limit is short. If there is any time left. At party headquarters propaganda planning for next year's election campaign is already in the final stages. A few months into the spring session of parliament party positions on important political conflict issues will be firmed up for good. Leading party spokesmen will then have exchanged such hard words in debates that nothing can be altered. Then everything will roll on toward another dreary bloc policy election contest. Toward yet another impotent mandate period.

The tax settlement between the present government and the Social Democrats had its shortcomings and can be criticized. But it did extend a plank across the no-man's-land of the partisan combat front. This introduced an important political communication. Before that plank is ripped out the possibilities of a Swedish "grand coalition" between the middle and the Social Democrats should, yes must be tested seriously. No other possible way out of the backward slide of the partisan division of forces and impotence into state bankruptcy can be seen on the horizon. Do we need any plainer warning example than what our friends the Danes are going through right now?

If politicians and parties are unable to seize this chance to shake off their paralysis of inaction--then we can't expect anything else but that SAF [Confederation of Swedish Employers] and LO [Federation of Trade Unions] will take over the decision-making functions in this country and start cleaning up via contract agreements what the parties and politicians don't dare touch.

They are already talking about "contempt for politicians." But what would the Swedish people in that case say and think about their politicians?

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## 'SOVIET SOURCES' MAKE BID FOR WARMER RELATIONS AFTER SUB

Stockholm DAGENS NYHETER in Swedish 23 Dec 81 p 6

[Article by Harald Hamrin]

[Text] "There are forces in Sweden that would like to undermine relations between the Soviet Union and Sweden. But we on the Soviet side are open to a dialog. We're not closing the door on a future development of relations between our two lands. But it can't be done unilaterally. If one side puts the brakes on, nothing can be done."

So said Soviet sources during talks with DAGENS NYHETER. The rules set up for the talks do not permit us to name the sources or identify them in more detail. But there is no doubt that these sources are expressing the official viewpoint in Moscow and that people there want to use this method to communicate their ideas to the Swedish public and the Swedish government.

## Unusual

It is very unusual for the Soviets to comment in this way on relations between the Soviet Union and another country. The normal thing is to communicate such comments via the official or semiofficial Soviet press, for instance in the form of articles in the party organ, PRAVDA, the government paper, IZVESTIA or the news agency, TASS.

It was also noteworthy that our sources tried in every possible way to downplay the importance of the fact that relations between Sweden and the Soviet Union are strained following the grounding of the Soviet submarine in the Karlskrona archipelago.

Asked if one could say that relations between the two lands are "irritated," one of the DAGENS NYHETER sources said:

"I wouldn't use the word irritation. It's not a nice word."

Another Soviet source admitted that relations between Sweden and the Soviet Union are not currently "at a high level"--in other words, in plain language they are strained.

## Undermining

At the same time it is obvious that the Soviets don't look kindly at the strong Swedish reaction--from the government and political parties and in the mass media--to the submarine affair.

"The forces that want to undermine our relations are still trying to make use of that interlude," said one of the sources. "People wouldn't listen to our explanations that the submarine found itself in an emergency situation and had faulty navigation equipment. There are hostile forces that want to exploit this affair."

Our sources would not point to any specific people or any one political party but simply stated that "there are differing opinions" within the Swedish parties on this issue.

They would neither confirm nor deny the official Swedish charges that submarine 137 very probably had nuclear weapons on board. They merely repeated the official explanation made earlier that "all submarines have combat weapons on board."

## Critical

"But what combat weapons the submarine had on board has nothing to do with the interlude (the running aground, in other words)," they said as an explanation why they wouldn't discuss whether or not the sub was equipped with nuclear weapons.

Indirectly the DAGENS NYHETER sources also criticized the Swedish press and official Swedish spokesmen for "often" talking and writing about the submarine's nuclear weapons while at the same time admitting their uncertainty on that point.

"They don't know what they're writing," said DAGENS NYHETER's sources. "They use words like 'possible' and 'highly likely.' Many Swedes also tell us that the whole thing has been exaggerated, that the matter is now over."

Without openly accusing Sweden of "braking" developments in Swedish-Soviet relations one of our sources stressed that "if one side puts the brakes on the other side can't just stand with its hat in its hands."

## Both Needed

"Both sides are needed to develop relations," the Soviets stressed. "We're not saying that it is up to the Swedes to make a move now. It is up to Sweden to decide what to do. But I imagine that Sweden is no less interested than the Soviet Union in developing relations between our countries."

At the same time our sources noted a number of recent Swedish statements and steps which--though this was not said directly--cannot avoid affecting relations.

Swedish Commander-in-Chief Lennart Ljung was to have made an official visit to the Soviet Union but called it off at short notice in connection with the submarine incident.

A group of Swedish experts was to have traveled to Tallinn, Estonia, to discuss the details of a newly-signed agreement in principle on cooperation in marine rescue operations in the Baltic. Sweden also canceled that trip.

Sweden has criticized the treatment of Soviet dissident Andrei Sakharov even though the Soviets have made it clear that "we are not punishing him for his opinions but for his actions."

Leading Swedish politicians within the government and in the opposition have made statements about the situation in Poland, making the point among other things that what happens there is not a purely internal Polish issue. One of our sources said these statements involve an intervention in Poland's internal affairs which could lead to a Soviet reaction.

Defense Minister Torsten Gustafsson has made statements to the effect that of course Sweden is neutral "but actually we are on NATO's side."

"Perhaps he was saying quite deliberately or unconsciously what is true," said one of the DAGENS NYHETER sources on this. "Perhaps it is a neutrality for the benefit of someone. During World War II Sweden was first neutral for Germany's benefit and then for the benefit of the western powers. One can now ask oneself how deeply involved Sweden is with NATO."

To sum up one of our sources stated that "we have noticed that Sweden is not as willing to go further with good relations" with the Soviet Union.

However the message the DAGENS NYHETER sources wanted to deliver was quite clear.

"We don't want to concentrate on the negative aspects," said one source. "One should look at the positive side instead."

"We view Swedish foreign policy with respect," said another source. "We are not shutting any doors on a further development of our relations. On the contrary we are open to such a development."

The same source reminded us that the exchange of visits in both directions and at different levels had been very intensive in recent years--up until the submarine incident--and listed a number of examples of such visits. The same source also stressed that cooperation in the areas of trade and the economy is going "quite painlessly" even now and that "there is a positive attitude in Swedish business circles."

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## PAPER EXAMINES PROSPECTS FOR NEW THREE-PARTY COALITION

Stockholm DAGENS NYHETER in Swedish 29 Dec 81 p 2

[Editorial by Olof Kleberg]

[Text] Will a nonsocialist three-party government get the nod for the third time after the 1982 election? The Conservatives hope so sincerely and for tactical reasons as well--it would give their own party influence.

The question of a new nonsocialist three-party government might appear to be what is called academic. The Social Democratic superiority in the opinion polls is still enough for a shift in power. The IMU [Institute for Market Studies] polls have indicated declining support for the Social Democrats in the late fall though. And a lot can happen between now and the election.

Over the Christmas holidays radio's "Daily Echo" interviewed the three party leaders most concerned: Adelsohn, Falldin and Ullsten. Their answers were illuminating.

The Conservatives want to moderate the tone of the harsh internal debate among non-socialist parties. Their leader conceded it is hard to arrive at a third three-party government but he hoped it could be done. Realistically he understands that the tax settlement can't be torn up--as other Conservatives have demanded--but he thinks there can be compromises, especially on financing.

Liberal Ola Ullsten hoped for his part for a nonsocialist majority in parliament and saw no "obstacles in principle" to a three-party cooperation. But he also spoke of fulfilling the middle government's policies and said the tax settlement would remain.

Thorbjorn Falldin was the one who said most clearly that the policies of the middle government should be continued--and presumably the middle government along with them.

The answers are not surprising even though Ullsten and Falldin seem to have switched roles. Now Ullsten is the vaguest. In the past Falldin was always the most cautious since he saw himself as a mediator between the Conservatives and the Liberals. Now he seems to have settled into the role as leader of the middle.

Had he done so earlier government cooperation since 1976 would probably have gone much better.

The middle government has handled its first meeting with parliament without a big defeat. Cooperation within the government seems to have gone smoothly. The protracted disputes of the three-party government have disappeared.

The government's big shortcoming is that the prime minister has not had the time or the ability to inspire the government. The goal of the government needs to be repeated clearly and unambiguously. But all we have had is more low-key and in a double sense economical declarations.

A government doesn't just govern, it should also shape opinion, create awareness. The middle parties have important issues in common that they should be able to pursue together in order to create their own profile. This involves social consciousness in the austerity that is needed, distributing power in administration, improving the environment, stressing alternative energy and social fellowship in local communities.

Other issues--for example regional policy for the Center Party or equality and aid to developing countries for the Liberals--they might prefer to concentrate on separately. But the two parties are too weak to appear in the election campaign without cooperating. Running the government makes such cooperation natural.

Ordinary nonsocialist papers such as SYDSVENSKA DAGBLADET and VESTMANLANDS LANS TIDNING are calling after the Christmas holidays for the middle parties to resume three-party cooperation. If the Center and Liberal parties don't make this clear, they will be digging their own graves, writes VESTMANLANDS LANS TIDNING.

One can along with NORRA VASTERBOTTEN (Liberal) and NORRTELJE TIDNING (Center) wonder if the differences between the Conservatives and the middle parties can really be glossed over. NORRTELJE TIDNING seems convinced that a middle government is a realistic alternative if there is a nonsocialist election victory.

If the voters turn away from the middle alternative, as VESTMANLANDS LANS TIDNING believes, what will they do if they are presented with the prospect of a third three-party government--after two fiascos? Does this solution have any more credibility, especially since the three seem unable to agree on taxes? If they don't agree on that point taxes will be the nuclear power issue of the next three-party government.

It would also look strange if the middle parties went into the campaign without favoring a continued middle regime. That would be downgrading their own ability.

The Social Democrats are still complaining about bloc politics being pursued in parliament. But it cannot be denied that the middle regime has created a different, less confrontational climate in parliament and in politics.

After all the most serious weakness of a new three-party government would not be the inherent conflicts. It would be its ability to reinforce bloc lines once more.

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## GOVERNMENT TO SPEED UP ASYLUM PROCEDURE

The Hague ANP NEWS BULLETIN in English 24 Dec 81 pp 1-2

[Text] The Hague, December 23--The government said today it would speed up procedures for foreign nationals seeking asylum on arrival at Amsterdam's Schiphol Airport from January 1 onwards.

The new arrangement, supersedes one introduced only eight months ago, was set out by Justice State Secretary Michiel Scheltema in a letter to the second chamber's standing justice committee.

Under the revised scheme access to the Netherlands is given to any asylum-seeker who can make out a prima facie case when he is heard by a justice official immediately on arrival.

This will enable him to proceed to his place of residence in the Netherlands where he is to submit a formal application for asylum with the head of the local police, the burgomaster of the municipality concerned.

Mr Scheltema said that in taking the airport decision account would be taken of whether the alien concerned has relatives or friends in the Netherlands to accommodate him and provide guarantees.

In case the motives for seeking asylum are dubious or vague the asylum-seeker is not given access to the Netherlands but taken to head of the police of Hoofddorp, the municipality within whose boundaries the airport lies.

## Hoofddorp Procedure

At Hoofddorp the alien will get the opportunity to file a formal request for asylum and he will be heard immediately again to determine his motives.

Aliens whose motives are found to be bona fide will be given access to the Netherlands as yet but those who cannot prove their case will have their request turned down in writing.

Those whose request is turned down can still seek revision of the decision pursuant to article 29, sub 1, of the Aliens Act, the state secretary said.

The foreign national can institute summary proceedings before a Dutch court if he is not allowed to stay in the Netherlands pending a revision of the decision.

The court's ruling will be awaited before departure from the Netherlands takes place, Mr Scheltema said.

The state secretary said that he himself would take the decisions as to whether the asylum-seeker is to be given access to the Netherlands, to be transferred to Hoofddorp and to be granted political asylum.

Mr Scheltema denied in reply to parliamentary questions that Hoofddorp police has been instructed to lock up asylum-seekers immediately. 'There is no such instruction,' he said.

#### 374 Requests

In a letter to the second chamber the State Secretary disclosed that 374 requests for asylum had been handled in the third quarter of this year.

He said that in 12 cases the applicant had been granted the A status of political refugee, in 52 cases the B status on humanitarian grounds and in six cases only a residence permit had been granted. In all, 299 requests had been turned down. Twice the applicant had left the country before a decision was taken and three requests had been withdrawn.

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